# FRANCHISE DISCLOSURE DOCUMENT

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Franchisor:

PRIMROSE SCHOOL FRANCHISING SPE, LLC
(a Delaware limited liability company)
3200 Windy Hill Road SE, Suite 1200E
Atlanta, GA 30339
770.529.4100
www.primroseschools.com

Primrose School Franchising SPE, LLC offers franchises for the establishment, development, and operation of facilities operating under the Primrose Schools® mark, which provide learning and educational oriented activities, including child care services, to children from six weeks to twelve years old (each, a "**Facility**"). We offer five development programs for the development of a Facility (each, a "**Program**" and, collectively, the "**Programs**"), which are described in Item 1.

The total investment necessary to begin ownership of a Primrose® franchise under our Real Estate Development Program is $6,192,660 to $8,595,000. This includes $140,000 to $273,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin ownership of a Primrose® franchise under our Build-to-Suit program is $742,900 to $1,525,000. This includes $110,000 to $253,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin ownership of a Primrose® franchise under our Permanent Lease Program is $2,256,300 to $4,899,200. This includes $140,000 to $298,000 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin ownership of a Primrose® franchise under our Independent Development Program is $6,162,660 to $8,550,000. This includes $110,000 to $190,500 that must be paid to the franchisor or an affiliate.

The total investment necessary to begin ownership of a Primrose® franchise under our Site First Program is $826,900 to $1,405,000. This includes $145,000 to $215,000 that must be paid to the franchisor or an affiliate.

If you enter into a Development Agreement, the total investment necessary to begin the operation of one Primrose® franchise and to have the right to develop a total of three franchises ranges from $742,900 to $8,645,000, depending on the development program that you choose. This includes $160,000 to $348,000 that must be paid to the franchisor or an affiliate.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying

agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document**.

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Franchise Administration at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 (Tel. 770-529-4100).

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire 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 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.

We issued this Disclosure Document on April 25, 2025.

## How to Use This Franchise Disclosure Document

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

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

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

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

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

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

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

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

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

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

## Some States Require Registration

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

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 arbitration and/or litigation only in Georgia. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Georgia than in your own state.

2. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

3. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

**NOTICE TO OFFER FRANCHISE IN THE STATE OF MICHIGAN**

Pursuant to the provisions of the Michigan Franchise Investment Law, 1974 PA 269, as amended MCL 445.1501, *et seq*., MSA 19.854(1) *et seq*., Primrose School Franchising SPE, LLC provides the following notices and disclosures to potential franchises in the State of Michigan:

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THE 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this Notice should be directed to the State of Michigan, Department of Attorney General, Consumer Protection Division, 670 Law Building, 525 West Ottawa Street, Lansing, Michigan 48913, telephone number (517) 335-7567.

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

To simplify the language in this Disclosure Document, "**we**," "**us**," "**our**," or "**Franchisor**" means Primrose School Franchising SPE, LLC, the franchisor. "**You**," "**your**," or "**Franchisee**" means the corporation, partnership, or limited liability company purchasing a franchise to operate a Facility (a "**Franchise**"). An "**Owner"** is a corporation, partnership, trust, or limited liability company ("**Entity**") or individual (such as a partner, shareholder, trustee, or member) with a direct or indirect legal or beneficial ownership interest in Franchisee.

### Franchisor

We are a Delaware limited liability company formed on July 17, 2019. Our principal business address is 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339. We do business under the names Primrose® and Primrose Schools®. We have offered Franchises since August 2019. **Exhibit E** to this Disclosure Document includes the names and addresses of our registered agents for service of process in the various states. We have not engaged in any other business activities besides offering and selling Franchises and providing related development and operational services to our franchisees. We do not operate any Primrose Schools® facilities.

### Parents, Predecessors, and Affiliates

We are an indirect, wholly-owned subsidiary of Primrose Holding Corporation ("**PHC**"), a Georgia corporation. PHC shares our principal business address. PHC is our ultimate parent. We refer to PHC and its subsidiaries as the "**PHC Entities**."

We are a direct, wholly-owned subsidiary of Primrose School Franchising II SPE, LLC, a Delaware limited liability company ("**PSF2**"). PSF2 is an indirect, wholly-owned subsidiary of PHC. PSF2 acts as the franchisor for Franchises that (a) opened, or will open, on or after June 6, 2008, (b) operate under a franchise agreement signed on or between June 6, 2008 and August 20, 2019, and (c) have not transferred or renewed their franchise agreement since signing it. PSF2 does not offer, and has never offered, Franchises or franchises in any line of business. PSF2 shares our principal business address.

We are affiliated with Primrose School Franchising Company LLC, a Georgia limited liability company ("**PSFC**"). PSFC is our predecessor. PSFC converted from a Georgia corporation to a Georgia limited liability company in August 2019. From 1988 to August 2019, PSFC offered and sold Franchises. PSFC shares our principal business address.

We and PSF2 have entered into a management agreement with PSFC for it to provide the required support and services to franchisees under their franchise agreements. PSFC also acts as our franchise sales agent. We pay management fees to PSFC for these services. However, as the franchisor, we will be responsible and accountable to you to make sure that all services we promise to perform under your Franchise Agreement or other agreement you sign with us are performed in compliance with the applicable agreement, regardless of who performs these services on our behalf.

We are also affiliated with Primrose School Franchising Guarantor LLC, a Delaware limited liability company ("**PSFG**"). PSFG guarantees our performance under our franchise agreements. PSFG shares our principal business address.

Except for the Franchises offered by PSFC in the past, none of the PHC Entities offer Franchises or have offered franchises in any line of business. Except for PSFC and PSFG, none

of the PHC Entities provide products or services to our franchisees. None of the PHC Entities operate a business of the type that you will operate.

**PSF2 Franchises**

In the operation of our business, PSF2's franchisees and our franchisees are treated in the same manner and are considered to be both part of the same Primrose® franchise system. All references to franchisees in this Disclosure Document and your Franchise Agreement refer to both our and PSF2's franchisees. All references to Franchises in this Disclosure Document refer to franchised Facilities operated by both our and PSF2's franchisees.

If you are an existing franchisee of PSF2 and you are required by your existing Franchise Agreement (as defined below) to enter into a new Franchise Agreement in order to acquire a successor franchise or as a result of a transfer of an interest in you, you or the transferee(s) will enter into a new Franchise Agreement with us, and we will become the franchisor that is responsible for providing ongoing support for your Franchise. As discussed above, PSFC shall provide such ongoing support to you on our behalf.

**The Primrose® Franchise**

We are one of the leading educational child care companies in the United States. We offer a franchise under which you can establish a Facility at a single location, which will operate under the "Primrose Schools®" and "Primrose®" marks, and certain other trademarks, trade names, service marks, logotypes, and commercial symbols that we may adopt from time to time (collectively, the "**Marks**"). Each Facility is identified by the marks "Primrose Schools®" and "Primrose®" and the school location, e.g. "Primrose School of/at [town or other location]."

Facilities operate under a proprietary System (the "**System**") for the establishment, development and operation of educational child care services. The System is characterized by the distinctive interior and exterior design, décor, layout and color scheme; the Marks; exclusively designed decorations, signage, furnishings and materials; the Primrose® Confidential Manuals (the "**Confidential Manuals**"); uniform operating methods, procedures and techniques; and other confidential procedures, methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, marketing, sales promotions, advertising and public relations.

Our proprietary Balanced Learning® curriculum is informed by traditional learning theory and emergent learning science and brain research. The Balanced Learning® curriculum is an intentional sequence of daily classroom experiences that foster intellectual, creative, physical, and social development from Infant through Kindergarten programs. It allows teachers to focus on building relationships and adapting the learning journey for each child's skill mastery rather than lesson planning.

In 2012, Primrose was the first educational child care franchise system to receive AdvancED® Corporation Systems Accreditation under its Standards for Quality Early Learning Schools. Primrose has proudly maintained the accreditation (which is now known as Cognia™ accreditation), as it is the highest-level accreditation an early learning school can receive.

The services offered by Facilities under the System are targeted to children between the ages of six weeks to twelve years, with emphasis on full-time day school and child care programs. Facilities also offer a wide array of other children's services throughout the year which include: "Summer Adventure Club" for the months of June, July, and August as well as the Explorer

Program, an after-school program, that runs for the duration of the school year (September through May), both of which are for elementary school-aged children ranging from five to twelve years old.

Our current form of Franchise Agreement is attached as **Exhibit C** to this Disclosure Document (the "**Franchise Agreement**"). The Franchise Agreement must be signed by an Entity. In addition, we require all Owners of such Entity to sign personal guarantees agreeing to guarantee the payment and performance obligations of the Franchisee under the Franchise Agreement. If you, your Owners, or your affiliates already are a party to one or more Franchise Agreements and/or operate a Facility, we will require them to sign a general release in the form attached as **Exhibit I** to this Disclosure Document of claims relating to their existing franchises as a condition of entering into a new Franchise Agreement for an additional Facility.

Your Facility must at all times be under the supervision of one of your Owners that we have approved to operate the Facility and that you have authorized to have authority over all business decisions related to your business and to bind you in all dealings with us (the "**On-Site Owner**"), a Facility director who completes our training program (a "**Director**"), and an assistant director or education coach. In our experience, the level of participation by the Owner(s) in the management and operation of the Facility is important to the proper functioning of the Facility within our System. Your On-Site Owner must reside in the same market as the Facility and must routinely be on premises at the Facility. If you and your affiliates operate more than two Facilities, in addition to the on-premises management requirements and responsibilities for the Director and On-Site Owner, we may require you to hire one or more above-school management positions with the responsibility of supervising and supporting multiple Facilities (a "**Multi-School Manager**"). The Multi-School Manager(s) must complete our training program, must meet the requirements for a Director, and may be required to own an equity or profit-sharing interest in your Entity.

**Programs and Agreements Related to Construction and Development of Facilities**. We currently offer the following five main Programs for developing a Facility, which we must approve for your Facility. We may, in our sole discretion, restrict you from participating in certain Programs or may require you to participate in a certain Program. We also may, in our sole discretion, permit you to change from one Program to another Program, provided you execute any required addenda or documentation that we specify to document the change. You must develop your Facility in accordance with the development processes and policies that we specify, which we may modify from time to time in our sole discretion.

Unless we otherwise agree, you will not own the real property and improvements included in the Facility. Such real property or improvements may be owned by a Real Estate Affiliate, an unrelated third-party landlord, us, or one of our affiliates. A "**Real Estate Affiliate**" is a corporation, partnership, or limited liability company owned in whole or in part by (i) one or more of the Owners or (ii) an individual of majority age who is related by blood, adoption, or marriage to an Owner. The Program you choose to pursue (subject to our approval) will typically depend on (a) your level of experience in developing commercial properties, (b) whether the site identified for the Facility is for sale or lease, (c) if the site is for sale, whether you prefer the site to be owned by a Real Estate Affiliate or an unrelated third-party landlord (which may be a developer), and (d) the roles that you would like for you, us, and/or a developer to play in the development process. Below are brief descriptions of each Program. Additional details regarding the Programs and the development-related services that we provide under each Program are described in Item 11. Currently, the Programs include:

Real Estate Development Program. The Real Estate Development Program may be preferable to you if you would like for a Real Estate Affiliate to purchase the land for the Facility and would like for us to play a more active role in identifying and assisting in the development of the site.

Under the "**Real Estate Development Program**," (i) we will attempt to identify a site for the Facility, (ii) if the site is acceptable to you, we or our affiliates will sign a purchase agreement for the real property for the Facility, (iii) we will provide certain real estate development services in preparation for construction, (iv) we or our affiliates will assign the purchase agreement for the real property to your Real Estate Affiliate at the real property closing, and (v) after the assignment and closing, your Real Estate Affiliate will own the real property and improvements for the Facility, will be responsible for constructing the Facility in accordance with our standards, and will lease the Facility to you. To participate in the Real Estate Development Program, you and your Real Estate Affiliate will sign our standard form of Real Estate Development Agreement in the form attached as **Exhibit G** to this Disclosure Document (the "**REDA**" or "**Real Estate Development Agreement**").

Permanent Lease Program**.** The Permanent Lease Program may be preferable to you if you would like to lease the site for the Facility from a landlord and to develop it on your own, but would like us to play a more active role in identifying and providing limited assistance in the development of the site.

Under the "**Permanent Lease Program**," (i) we will attempt to identify a site for the Facility that is owned by an unrelated landlord, (ii) if the site is acceptable to you, you will lease the site from the landlord pursuant to a lease that will be negotiated by you (which must include certain provisions required by us that are specified in the Franchise Agreement, must include terms that are materially consistent with any letter of intent that we have entered into with the landlord, and must be approved by us), (iii) we will provide certain real estate development services in preparation for construction, and (iv) you will develop the real property in accordance with our standards and the Franchise Agreement. To participate in the Program, you will sign the Amendment to Franchise Agreement (Permanent Lease Program) that is attached as Exhibit E to the Franchise Agreement.

Build-To-Suit Developer Lease Program**.** The Build-To-Suit Developer Lease Program may be preferable to you if you would like a developer that owns the site to construct the Facility and lease the Facility to you.

Under the "**Build-to-Suit Program**," (i) you will identify a site for the Facility that is owned by, or will be purchased by, an unrelated third-party landlord that we approve (an "**Approved Developer**"), (ii) if the site is acceptable to us, you will cause the Approved Developer to acquire the site (if not already owned) and will lease the site from the Approved Developer pursuant to a lease that you will negotiate with the Approved Developer in accordance with the terms of the Franchise Agreement (which must include certain provisions required by us that are specified in the Franchise Agreement and must be approved by us), and (iii) you will cause the Approved Developer to construct the Facility in accordance with our standards and the Franchise Agreement. Under this Program, we will have no responsibilities whatsoever with respect to the site, acquisition of the site, or improvements constructed on the site, other than exercising the review and approval rights that are specified in the Franchise Agreement. We may, but will not be obligated to, elect to provide advisory services to the Approved Developer or you, but such

services will be advisory in nature and the Approved Developer and you will be responsible for determining whether to follow such recommendations. To participate in the Build-to-Suit Program, you will sign the Amendment to Franchise Agreement (Build to Suit Program) that is attached as Exhibit D to the Franchise Agreement.

Independent Development Program. The Independent Development Program may be preferable to you if you have extensive experience in commercial development and would like to be responsible for developing the Facility with little assistance from us.

Under the "**Independent Development Program**," (i) you will identify a site for the Facility, (ii) your Real Estate Affiliate will acquire the real property for the Facility, (iii) if a third party acquires the real property, you will lease the site from such third party in accordance with the terms of the Franchise Agreement (which lease must include certain provisions required by us that are specified in the Franchise Agreement and must be approved by us), and (iv) you will develop the real property in accordance with our standards and the Franchise Agreement. We offer this Program under very limited circumstances only to franchisees with extensive real estate development and construction experience. Under this Program, we will have no responsibilities whatsoever with the site, acquisition of the site, or improvements constructed on the site, other than exercising the review and approval rights that are specified in the Franchise Agreement. To participate in the Program, you will sign the Amendment to Franchise Agreement (Independent Development Program) that is attached as Exhibit F to the Franchise Agreement.

Site First Development Program. The Site First Program, which, if offered, may only be available in certain markets, may be preferable to you if you would like to have minimal involvement in the development process and would instead prefer to enter into a pre-negotiated lease for a move-in ready Facility that is owned by an Approved Developer. As of the issuance date of this Disclosure Document, we do not have any Approved Developers that participate in the Site First Program, but we may arrange for Approved Developers to offer the Site First Program in the future.

Under the "**Site First Program**," (i) we will engage Approved Developers to acquire and develop a Facility in accordance with our standards, (ii) we will lease the Facility from the developer in accordance with a pre-negotiated lease (the **"Site First Lease**"), (iii) you will assume the Site First Lease and accept a move-in ready Facility that has been constructed to meet our standards, and (iv) you will be responsible for purchasing and installing signage, furniture, fixtures, and equipment and, if the Facility is converted from another school rather than newly built, performing any specified post-conversion modifications or deferred maintenance. We will offer the Site First Program in only certain markets in which we have one or more Approved Developers that are participating in the Site First Program in such markets. To participate in the Program, you will sign the Amendment to Franchise Agreement (Site First Program) that is attached as Exhibit G to the Franchise Agreement. In addition, you will be required to sign the Site First Lease that is offered by the Approved Developer, which will vary by Approved Developer and will be made available to you before you commit to develop under the Site First Program. If required by the Site First Lease, PSFC (or us or another affiliate) may be required to provide a rent guarantee, in which case you must pay us or our affiliate a limited rent guaranty fee and must sign a rent guarantee agreement (the "**Rent Guarantee Agreement**"), the current form of which is attached in **Exhibit H.5** to this Disclosure Document.

**Development and Designated Areas**. Your Facility will be located at a single location (the "**Site**") within a development area (the "**Development Area**") that we will specify in the Franchise Agreement. Except under the Site First Program, for the first two years after you sign the Franchise Agreement, you will have certain exclusive rights in the Development Area as specified in the Franchise Agreement and as further described in Item 12. Under the Site First Program, you will not receive any exclusive rights in the Development Area until the Designated Area (as defined in the next paragraph) is designated.

After you have continuously operated your Facility at the Site for a certain period of time (currently, 24 consecutive months) or at such point in time when your Facility achieves a minimum percentage of enrollment compared to its capacity on a full time equivalency basis (currently, 75%), whichever is sooner, we will determine a designated area for your Facility (the "**Designated Area**") within which you will have certain exclusive rights as specified in the Franchise Agreement and as further described in Item 12.

**Conversion Facilities**. In some cases, we may permit you to purchase a school that is or was operating under a different brand and convert the school into a Facility (a "**Conversion Facility**"). If you develop and operate a Conversion Facility, we may require you to (i) take assignment of a purchase agreement and/or lease at the same time or soon after you sign a Franchise Agreement (if we or our affiliates have acquired the rights to the school and offered it to you), (ii) enter into agreements for the appropriate Program for the conversion of the Conversion Facility, and (iii) modify our standard agreements to change the development timeline and reflect the steps that will need to be taken to convert the school to a Facility. Such steps may involve, among other things, completing our training, complying with state licensing requirements, renovating the school, implementing our technology, converting to our branding, and replacing furniture, fixtures, and equipment to meet our standards. These modifications and the timing of such modifications (some of which may occur after the conversion takes place) will be determined by us on a case-by-case basis and negotiated with you.

**Primrose on Premise**. We may, in our sole discretion, offer you the opportunity to operate a Primrose on Premise. A "**Primrose on Premise**" is a Facility operated within a building, complex, or campus (a "**Host Facility**") in which the owners, developers, or tenants of such Host Facility (the "**Hosts**") enter into one or more agreements with us and/or the operator of the Facility (the "**Primrose Parties**") in which at least 50% of the seats in the Facility are reserved for children of parents employed by or otherwise affiliated with or related to the Hosts ("**Host Clientele**"). For example, a Primrose on Premise could include, among other things, a Facility in a Host Facility where 50% of the seats are reserved for children of (i) employees of one or more businesses or organizations, (ii) residents or employees of a residential development, (iii) members or employees of a church, or (iv) students or employees of an educational institution.

If we offer you the opportunity to operate a Primrose on Premise, we will require you to execute an amendment to the Franchise Agreement to reflect certain terms in any agreements between the Primrose Parties and the Hosts (the "**Host Agreements**"). Because the terms of the Host Agreement, the needs of the Host, and the nature of the Host Facility will all be unique for each Primrose on Premise, the amendment terms may vary significantly from Host to Host, as well as from the terms described in this Disclosure Document, and could include, without limitation, limitations on the students you may serve, a reduced term, no or limited renewal rights, requirements to comply with the Host Agreement, no Designated Area, different development obligations, different marketing obligations, different fee structures, mandatory tuition rates, different insurance obligations, limited transfer rights, and different termination rights. We will

negotiate the terms of the amendment with you on a case-by-case basis before you purchase a Primrose on Premise franchise.

**Development Agreement.** In limited circumstances, for qualified franchisees who desire the right to develop multiple Facilities within a designated territory (the **"Target Area"**) that meet certain conditions, we also offer the opportunity to enter into a Development Agreement with us (the **"Development Agreement"**) to develop a specific number of Facilities according to a pre-determined, mandatory development schedule specified in the Development Agreement (the **"Development Schedule"**). Those franchisees may open and operate their Facilities directly or through "**Affiliated Entities**," which are entities whose majority ownership is owned and controlled by you. Our current form of Development Agreement is included as Exhibit J to this Disclosure Document. If you sign a Development Agreement, you (or your Affiliated Entity) will sign a Franchise Agreement for your first Facility under the Development Agreement at the same time.

Franchisees signing the Development Agreement (or their Affiliated Entities) must sign our then-current form of Franchise Agreement for each Facility, which may contain terms that are different from the form of Franchise Agreement included as Exhibit C to this Disclosure Document. If you fail to open and continue to operate the required number of Facilities in the Target Area, we will have the right to terminate the Development Agreement. If the Development Agreement is terminated, you will lose all of your rights to develop Facilities in the Target Area and will forfeit the unapplied balance of the Development Fee (defined below). However, the Franchise Agreement for each Facility which has been opened will not be terminated solely by reason of the termination of the Development Agreement.

Unless you sign a Development Agreement, you will have no obligation, nor any right, to open any additional Facilities.

**Industry-Specific Regulations**. You and your employees must comply with all applicable federal, state, and local laws, ordinances and regulations, which may change from time to time. You and your employees must comply with applicable child care licensing statutes and regulations and other laws enacted by your state and local government regarding the protection and transportation of children and the operation of child care facilities. You must also comply with health and safety regulations that apply to the preparation, serving and storage of food at your Facility. You will also have to comply with laws and regulations that are applicable to business generally (such as workers' compensation, OSHA, and Americans with Disabilities Act requirements). You also must comply with all applicable laws, rules, and orders of any governmental authority concerning any pandemic or public health crisis, which may require businesses in the child care industry to materially modify, limit, or cease operations for an indeterminate period.

**Market and Competition**. Facility services, products, and related materials are offered to the general public and are targeted especially to professional, working parents with children who are six weeks through twelve years old. We believe that the market for the services provided by the Facility is established and expanding. Our franchisees compete with day care centers, public and private schools, churches, and corporations which provide day care services and early childhood education.

**Affiliated Franchise Programs**. Through control with private equity funds managed by Roark Capital Management, LLC, an Atlanta-based private equity firm, we are affiliated with the following franchise programs (**"Affiliated Programs"**). None of these affiliates operate a Primrose® franchise.

**GoTo Foods Inc.** ("**GoTo Foods**") is the indirect parent company to seven franchisors, including: Auntie Anne's Franchisor SPV LLC ("**Auntie Anne's**"), Carvel Franchisor SPV LLC ("**Carvel**"), Cinnabon Franchisor SPV LLC ("**Cinnabon**"), Jamba Juice Franchisor SPV LLC ("**Jamba**"), McAlister's Franchisor SPV LLC ("**McAlister's**"), Moe's Franchisor SPV LLC ("**Moe's**"), and Schlotzsky's Franchisor SPV LLC ("**Schlotzsky's**"). All seven GoTo Foods franchisors have a principal place of business at 5620 Glenridge Drive NE, Atlanta, GA 30342 and have not offered franchises in any other line of business.

**Auntie Anne's** franchises Auntie Anne's® shops that offer soft pretzels, lemonade, frozen drinks, and related foods and beverages. In November 2010, the Auntie Anne's system became affiliated with GoTo Foods through an acquisition. Auntie Anne's predecessor began offering franchises in January 1991. As of December 31, 2024, there were 1,182 franchised and 11 affiliate-owned Auntie Anne's shops in the United States and 815 franchised Auntie Anne's shops outside the United States.

**Carvel** franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes in the United States and a producer of premium soft-serve ice cream. The Carvel system became an Affiliated Program in October 2001 and became affiliated with GoTo Foods in November 2004. Carvel's predecessor began franchising retail ice cream shoppes in 1947. As of December 31, 2024, there were 336 franchised Carvel shoppes in the United States and 39 franchised Carvel shoppes outside the United States.

**Cinnabon** franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses independent third parties to operate domestic and international franchised Cinnabon® bakeries and Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries, and to use the Cinnabon trademarks on products dissimilar to those offered in Cinnabon bakeries. In November 2004, the Cinnabon system became affiliated with GoTo Foods through an acquisition. Cinnabon's predecessor began franchising in 1990. As of December 31, 2024, there were 1,002 franchised and 28 affiliate-owned Cinnabon bakeries in the United States, 1,040 franchised Cinnabon bakeries outside the United States, and 193 franchised Seattle's Best Coffee units outside the United States.

**Jamba** franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. Jamba has offered JAMBA® franchises since October 2018. In October 2018, Jamba became affiliated with GoTo Foods through an acquisition. Jamba's predecessor began franchising in 1991. As of December 31, 2024, there were 726 franchised Jamba stores and one affiliate-owned Jamba store in the United States and 61 franchised Jamba stores outside the United States.

**McAlister's** franchises McAlister's Deli® restaurants that feature deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products. The McAlister's system became an Affiliated Program through an acquisition in July 2005 and became affiliated with GoTo Foods in October 2013. McAlister's or its predecessor have been franchising since 1999. As of December 31, 2024, there were 524 franchised and 36 affiliate-owned McAlister's restaurants in the United States.

**Moe's** franchises Moe's Southwest Grill® fast casual restaurants which feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with GoTo Foods through an acquisition. Moe's predecessor began offering Moe's Southwest Grill franchises

in 2001. As of December 31, 2024, there were 591 franchised and five affiliate-owned Moe's Southwest Grill restaurants in the United States.

**Schlotzsky's** franchises Schlotzsky's® quick-casual restaurants that feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with GoTo Foods through an acquisition. Schlotzsky's restaurant franchises have been offered since 1976. As of December 31, 2024, there were 280 franchised and 28 affiliate-owned Schlotzsky's restaurants in the United States.

**Inspire Brands, Inc.** ("**Inspire Brands**") is a global multi-brand restaurant company, launched in February 2018 upon completion of the merger of the Arby's and Buffalo Wild Wings brands. Inspire Brands is a parent company to six franchisors offering and selling franchises in the United States, including: Arby's Franchisor, LLC ("**Arby's**"), Baskin-Robbins Franchising LLC ("**Baskin-Robbins**"), Buffalo Wild Wings International, Inc. ("**Buffalo Wild Wings**"), Dunkin' Donuts Franchising LLC ("**Dunkin'**"), Jimmy John's Franchisor SPV, LLC ("**Jimmy John's**"), and Sonic Franchising LLC ("**Sonic**"). Inspire Brands is also a parent company to the following franchisors offering and selling franchises internationally: Inspire International, Inc. ("**Inspire International**"), DB Canadian Franchising ULC ("**DB Canada**"), DDBR International LLC ("**DB China**"), DD Brasil Franchising Ltda. ("**DB Brasil**"), DB Mexican Franchising LLC ("**DB Mexico**"), and BR UK Franchising LLC ("**BR UK**"). All of Inspire Brands' franchisors have a principal place of business at Three Glenlake Parkway NE, Atlanta, Georgia 30328 and, other than as described below for Arby's, have not offered franchises in any other line of business.

**Arby's** is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts including T.J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed. As of December 29, 2024, there were 3,365 Arby's restaurants operating in the United States (2,286 franchised and 1,079 company-owned), including one multi-brand location. Additionally, as of December 29, 2024, there were 231 single-branded franchised Arby's restaurants operating internationally.

**Baskin-Robbins** is a franchisor of Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises in the United States and certain international markets for Baskin-Robbins restaurants since March 2006. As of December 29, 2024, there were 2,245 franchised Baskin-Robbins restaurants operating in the United States. Of those 2,245 restaurants, 974 were single-branded Baskin-Robbins restaurants, two were Baskin-Robbins restaurants operating at a multi-brand location, and 1,269 were Dunkin' and Baskin-Robbins combo restaurants. Additionally, as of December 29, 2024, there were 5,651 single-branded franchised Baskin-Robbins restaurants operating internationally and in Puerto Rico.

**Buffalo Wild Wings** is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under Buffalo Wild Wings® name ("**Buffalo Wild Wings Sports Bars**") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("**BWW-GO**

**Restaurants**"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of December 29, 2024, there were 1,183 Buffalo Wild Wings Sports Bars operating in the United States (538 franchised and 645 company-owned) and 65 franchised Buffalo Wild Wings or B-Dubs restaurants operating outside the United States. As of December 29, 2024, there were 140 BWW-GO Restaurants operating in the United States (90 franchised and 50 company-owned).

**Dunkin'** is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises in the United States and certain international markets for Dunkin' restaurants since March 2006. As of December 29, 2024, there were 9,768 Dunkin' restaurants operating in the United States (9,734 franchised and 34 company-owned). Of those 9,768 restaurants, 8,480 were single-branded Dunkin' restaurants, 19 were Dunkin' restaurants operating at multi-brand locations, and 1,269 were franchised Dunkin' and Baskin-Robbins combo restaurants. Additionally, as of December 29, 2024, there were 4,328 single-branded franchised Dunkin' restaurants operating internationally.

**Jimmy John's** is a franchisor of restaurants operating under the Jimmy John's® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. As of December 29, 2024, there were 2,689 Jimmy John's restaurants operating in the United States (2,647 franchised and 42 affiliate-owned). Of those 2,689 restaurants, 2,668 were singled-branded Jimmy John's restaurants and 21 were Jimmy John's restaurants operating at multi-brand locations. Additionally, as of December 29, 2024, there were five franchised Jimmy John's restaurants operating internationally.

**Sonic** is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic restaurants since May 2011. As of December 29, 2024, there were 3,461 Sonic Drive-Ins operating in the United States (3,144 franchised and 317 company-owned), including one multi-brand location.

**Inspire International** has, directly or through its predecessors, offered and sold franchises outside the United States for the following brands: Arby's restaurants (since May 2016), Buffalo Wild Wings sports bars (since October 2019), Jimmy John's restaurants (since November 2022), and Sonic restaurants (since November 2019). **DB Canada** was formed in May 2006 and has, directly or through its predecessors, offered and sold Baskin-Robbins franchises in Canada since January 1972. **DB China** has offered and sold Baskin-Robbins franchises in China since its formation in March 2006. **DB Brasil** has offered and sold Dunkin' and Baskin-Robbins franchises in Brazil since its formation in May 2014. **DB Mexico** has offered and sold Dunkin' franchises in Mexico since its formation in October 2006. **BR UK** has offered and sold Baskin-Robbins franchises in the UK since its formation in December 2014. The restaurants franchised by the international franchisors are included in the brand-specific disclosures above.

**ME SPE Franchising, LLC** (**"Massage Envy"**) is a franchisor of businesses that offer professional therapeutic massage services, facial services, and related goods and services under

the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2024, there were 1,009 Massage Envy locations operating in the United States, including 1,000 operated as total body care Massage Envy businesses and 9 operated as traditional Massage Envy businesses. Additionally, Massage Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2024, there were nine regional developers operating 11 regions in the United States. Massage Envy has not offered franchises in any other line of business.

**CKE Inc**. ("**CKE**"), through two indirect wholly-owned subsidiaries (Carl's Jr. Restaurants LLC and Hardee's Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl's Jr.® and Hardee's® trade names and business systems. Carl's Jr. restaurants and Hardee's restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee's Restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl's Jr. Restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. CKE Inc.'s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee's restaurants have been franchised since 1961. As of January 27, 2025, there were 202 company-operated Hardee's restaurants and there were 1,369 domestic franchised Hardee's restaurants, including 129 Hardee's/Red Burrito Dual Concept restaurants. Additionally, there were 473 franchised Hardee's restaurants operating outside the United States. Carl's Jr. restaurants have been franchised since 1984. As of January 27, 2025, there were 50 company-operated Carl's Jr. restaurants, and there were 982 domestic franchised Carl's Jr. restaurants, including 218 Carl's Jr./Green Burrito Dual Concept restaurants. In addition, there were 687 franchised Carl's Jr. restaurants operating outside the United States. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

**Driven Holdings, LLC** ("**Driven Holdings**") is the indirect parent company to nine franchisors, including Meineke Franchisor SPV LLC ("**Meineke**"), Maaco Franchisor SPV LLC ("**Maaco**"), Merlin Franchisor SPV LLC ("**Merlin**"), Econo Lube Franchisor SPV LLC ("**Econo Lube**"), 1-800-Radiator Franchisor SPV LLC ("**1-800-Radiator**"), CARSTAR Franchisor SPV LLC ("**CARSTAR**"), Take 5 Franchisor SPV LLC ("**Take 5**"), ABRA Franchisor SPV LLC ("**ABRA**") and FUSA Franchisor SPV LLC ("**FUSA**"). In April 2015, Driven Holdings and its franchised brands at the time (which included Meineke, Maaco, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, Econo Lube, Merlin, CARSTAR, Take 5, Abra and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800-Radiator's principal business address is 4401 Park Road, Benicia, California 94510. None of these franchise systems have offered franchises in any other line of business.

**Meineke** franchises automotive centers that offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and

suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 28, 2024, there were 714 franchised Meineke centers, 18 franchised Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

**Maaco** and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 28, 2024, there were 363 franchised Maaco centers and no company-owned Maaco centers in the United States.

**Merlin** franchises shops that provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin Shops" since February 2006. As of December 28, 2024, there were 14 Merlin franchises and no company-owned Merlin shops located in the United States.

**Econo Lube** offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under the name "Econo Lube N' Tune" in 1985. As of December 28, 2024, there were eight Econo Lube N' Tune franchises and nine Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

**1-800-Radiator** franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 28, 2024, there were 193 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 28, 2024, owned and operated 1 1-800-Radiator warehouse in the United States.

**CARSTAR** offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 28, 2024, there were 471 franchised CARSTAR facilities and no company-owned facilities operating in the United States.

**Take 5** franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie,

Louisiana. As of December 28, 2024, there were 432 franchised Take 5 outlets and 710 affiliate-owned Take 5 outlets operating in the United States.

**Abra** franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. Abra and its predecessor have offered Abra franchises since 1987. As of December 28, 2024, there were 55 franchised Abra repair centers and no company-owned repair centers operating in the United States.

**FUSA** franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 28, 2024, there were 212 franchised Fix Auto repair shops operating in the United States.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) **Meineke Canada SPV LP** and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) **Maaco Canada SPV LP** and its predecessors have offered Maaco center franchises in Canada since 1983; (3) **1-800-Radiator Canada, Co.** has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) **Carstar Canada SPV LP** and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) **Take 5 Canada SPV LP** and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) **Driven Brands Canada Funding Corporation** and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) **Go Glass Franchisor SPV LP** and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) **Star Auto Glass Franchisor SPV LP** and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012.

As of December 28, 2024, there were: (i) 14 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 17 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 10 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 317 franchised CARSTAR facilities and one company-owned CARSTAR facility in Canada; (v) 32 franchised Take 5 outlets and seven company-owned Take 5 outlets in Canada; (vi) 71 franchised UniglassPlus businesses, 27 franchised UniglassPlus/Ziebart businesses, and five franchised Uniglass Express businesses in Canada, and one company-owned UniglassPlus business and one company-owned UniglassPlus/Ziebart business in Canada; (vii) 10 franchised VitroPlus businesses, 56 franchised VitroPlus/Ziebart businesses and three franchised Vitro Express businesses in Canada, and one company-owned VitroPlus business and one company-owned VitroPlus/Ziebart business in Canada; (viii) 31 franchised Docteur du Pare Brise businesses and two company-owned Docteur du Pare Brise businesses in Canada; (ix) 11 franchised Go! Glass & Accessories businesses and no franchised Go! Glass business in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

In January 2022, Driven Brands acquired Auto Glass Now's repair locations. As of December 28, 2024, there were more than 224 repair locations operating under the AUTOGLASSNOW®

name in the United States ("**AGN Repair Locations**"). AGN Repair Locations offer auto glass calibration and windshield repair and replacement services. In the future, AGN Repair Locations may offer products and services to Driven Brands' affiliates and their franchisees in the United States, and/or Driven Brands may decide to offer franchises for AGN Repair Locations in the United States.

**ServiceMaster Systems LLC** is the direct parent company to three franchisors operating five franchise brands in the United States: Merry Maids SPE LLC ("**Merry Maids**"), ServiceMaster Clean/Restore SPE LLC ("**ServiceMaster**") and Two Men and a Truck SPE LLC ("**Two Men and a Truck**"). Merry Maids and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021.The three franchisors have a principal place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

**Merry Maids** franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2024, there were 796 Merry Maid franchises in the United States.

**ServiceMaster** franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2024, there were 585 ServiceMaster Clean franchises, and 1,995 ServiceMaster Restore franchises in the United States.

**Two Men and a Truck** franchises (i) businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark and (ii) businesses that provide junk removal services under the Two Men and a Junk Truck™ mark. Two Men and a Truck's predecessor began offering moving franchises in February 1989. Two Men and a Truck began offering Two Men and a Junk Truck franchises in 2023. As of December 31, 2024, there were 339 Two Men and a Truck franchises and three company-owned Two Men and a Truck businesses in the United States. As of December 31, 2024, there were 62 Two Men and a Junk Truck franchises in the United States.

Affiliates of ServiceMaster Systems LLC also offer franchises for operation outside the United States. Specifically, **ServiceMaster of Canada Limited** offers franchises in Canada, **ServiceMaster Limited** offers franchises in Great Britain, and **Two Men and a Truck** offers franchises in Canada and Ireland.

**NBC Franchisor LLC** ("**NBC**") franchises gourmet bakeries that offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 5005 Lyndon B. Johnson Pkwy, Suite 600, Dallas, Texas 75244. As of December 31, 2024, there were 644 Nothing Bundt Cake franchises and 17 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

**Mathnasium Franchisor LLC** (**"Mathnasium"**) franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium's predecessor began offering

franchises in late 2003. Mathnasium's predecessor became an Affiliated Program through an acquisition in November 2022. Mathnasium has a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056. As of December 31, 2024, there were 995 franchised and four affiliate-owned Mathnasium centers operating in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium Franchisor LLC also offer franchises for operation outside the United States.

**Mathnasium Center Licensing Canada, Inc.** has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2024, there were 100 franchised Mathnasium centers in Canada. **Mathnasium International Franchising, LLC** has offered franchises outside the United States and Canada since May 2015. As of December 31, 2024, there were 91 franchised Mathnasium centers outside the United States and Canada. Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC each have their principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

**Youth Enrichment Brands, LLC** is the direct parent company to three franchisors operating in the United States: i9 Sports, LLC (**"i9"**), SafeSplash Brands, LLC also known as "**Streamline Brands**")**,** and School of Rock Franchising LLC ("**School of Rock**"). i9 became an Affiliated Program through an acquisition in September 2021. Streamline Brands became an Affiliated Program through an acquisition in June 2022. School of Rock became an Affiliated Program through an acquisition in September 2023. The three franchisors have never offered franchises in any other line of business.

**i9** franchises businesses that operate, market, sell, and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products, and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 has its principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2024, there were 264 i9 Sports franchises in the United States.

**Streamline Brands** offers franchises under the SafeSplash Swim School® brand and operates under the SwimLabs® and Swimtastic® brands, all of which provide "learn to swim" programs for children and adults, birthday parties, summer camps, and other swimming-related activities. Streamline Brands has offered swim school franchises under the SafeSplash Swim School brand since August 2014. Streamline Brands offered franchises under the Swimtastic brand since August 2015 through March 2023 and under the SwimLabs brand from February 2017 through March 2023. Streamline Brands became an Affiliated Program through an acquisition in June 2022 and has its principal place of business at 12240 Lioness Way, Parker, Colorado 80134. As of December 31, 2024, there were 102 franchised and 29 affiliate-owned SafeSplash Swim School outlets (including 12 outlets that are dual-branded with SwimLabs), 11 franchised and licensed SwimLabs swim schools, 11 franchised Swimtastic swim schools, and one dual-branded Swimtastic and SwimLabs swim school operating in the United States.

**School of Rock** franchises businesses that operate performance-based music schools with a rock music program under the School of Rock® mark. School of Rock began offering franchises in September 2005. School of Rock has a principal place of business at 1 Wattles Street, Canton, MA 02021. As of December 31, 2024, there were 254 franchised and 49 affiliate-owned School of Rock schools in the United States and 92 franchised School of Rock schools outside the United States.

**Doctor's Associates LLC** ("**Subway**") franchises retail eating establishments which sell foot-long and other sandwiches, salads and other food items under the Subway® mark. Subway began offering franchises in 1974. Subway became an Affiliated Program through an acquisition in April 2024. Subway has its principal place of business at 1 Corporate Drive, Suite 1000, Shelton, Connecticut 06484. As of December 31, 2024, there were 19,502 Subway franchises and no company-owned locations operating in the United States and an estimated 16,120 franchises operating outside the United States. Subway has never offered franchises in any other line of business.

None of the affiliated franchisors are obligated to provide products or services to you; however, you may purchase products or services from these franchisors if you choose to do so.

Except as described above, we have no other parents, predecessors or affiliates that must be included in this Item.

## ITEM 2. BUSINESS EXPERIENCE

Unless otherwise specified below, all employment listed below took place in the metropolitan Atlanta, Georgia area.

**Chief Executive Officer and Manager: Mary Jo Kirchner**

Jo Kirchner has served as our Chief Executive Officer and as the Chief Executive Officer of PSF2 since August 2019. Ms. Kirchner has also served as a Manager of both PSF and PSF2 since August 2019. Ms. Kirchner has served as Chief Executive Officer of PSFC since 1999 and as one of its Directors or Managers since June 2008. She has also served as a Director of PHC since April 1999.

**President and Manager: Steven Clemente**

Steven Clemente has served as our President and as the President of PSF2 since August 2019. Mr. Clemente has also served as a Manager of both PSF and PSF2 since August 2019. Mr. Clemente has served as the President of PSFC and PHC since May 2016. He has served as one of the Directors or Managers of PSFC since April 2017.

**Chief Financial Officer: Josh Greear**

Josh Greear has served as our Chief Financial Officer and as the Chief Financial Officer of PSF2 since August 2019. He has served as the Chief Financial Officer of PSFC and PHC since February 2018.

**General Counsel and Secretary: Kristin Goran**

Kristin Goran has served as our General Counsel and Secretary and as the General Counsel and Secretary of PSF2 since August 2019. She has served as the Chief Legal Officer of PSFC since February 2020. She served as the General Counsel of PSFC from August 2018 to February 2020 and has served as the General Counsel of PHC since April 2018 and as the Secretary of both entities since August 2019.

**Chief School Excellence Officer of PSFC: Annette C. Heng, M.Ed.**

Annette Heng has served as the Chief School Excellence Officer of PSFC since February 2019.

**Chief Development Officer of PSFC: Nick Koros**

Nick Koros has served as the Chief Development Officer of PSFC since March 2023. From December 2021 until February 2023, Mr. Koros served as the Chief Development Officer of GO Car Wash in Denver, Colorado. From December 2017 until December 2021, Mr. Koros served as the Senior Vice President Real Estate, Development and Construction of Life Time, Inc. in Minneapolis, Minnesota.

**Chief Marketing Officer of PSFC: Tim Roush**

Tim Roush has served as the Chief Marketing Officer of PSFC since January 2020.

**Chief Early Learning Strategy Officer of PSFC: Amy Jackson**

Dr. Amy Jackson has served as the Chief Early Learning Strategy Officer of PSFC since January 2023. Dr. Jackson has served as an Adjunct Professor at Johns Hopkins University since 2016. From October 2022 to January 2023, Dr. Jackson was the Vice President, Applied Research & Strategy for Renaissance Learning in Bloomington, Minnesota. From November 2020 to October 2022, Dr. Jackson was the Vice President, Applied Research & Strategy for Illuminate Education in Irvine, California. From June 2018 to November 2020, Dr. Jackson was the Vice President, Learning & Development for Illuminate Education in Irvine, California.

## ITEM 3. LITIGATION

**Disclosures Regarding Our Predecessor**

Primula Management, LLC v. Primrose School Franchising Company LLC (U.S. District Court Southern District of New York, Case No. 25-cv-1795-AKH, filed March 3, 2025). On March 3, 2025, Primula Management, LLC ("**Primula**"), a vendor of enrollment management software that was seeking to become an approved vendor of Predecessor, brought this action against Predecessor and us asserting claims of trade secret misappropriation (under common law and the Defend Trade Secrets Act), breach of contract, tortious interference with business relationships, unjust enrichment, breach of the implied covenant of good faith and fair dealing, and unfair competition. We and Predecessor filed a Motion to Dismiss the Complaint on March 28, 2025. Primula filed an Amended Complaint on April 11, 2025, in which we were no longer named as a defendant. Primula is seeking injunctive relief and damages, including punitive damages, interest, and attorneys' fees, from Predecessor. On April 25, 2025, Predecessor filed a Motion to Dismiss the Amended Complaint. Predecessor denies all of the allegations and intends to vigorously defend against such claims.

**Disclosures Regarding Affiliated Programs**

The following affiliates who offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees:

The People of the State of California v. Arby's Restaurant Group, Inc. (California Superior Court, Los Angeles County, Case No. 19STCV09397, filed March 19, 2019). On March 11, 2019, our affiliate, Arby's Restaurant Group, Inc. ("**ARG**"), entered into a settlement agreement with the states of California, Illinois, Iowa, Maryland, Massachusetts, Minnesota, New Jersey, New York, North Carolina, Oregon and Pennsylvania. The Attorneys General in these states sought information from ARG on its use of franchise agreement provisions prohibiting the franchisor and franchisees from soliciting or employing each other's employees. The states alleged that the use of these provisions violated the states' antitrust, unfair competition, unfair or deceptive acts or practices, consumer protection and other state laws. ARG expressly denies these conclusions but decided to enter into the settlement agreement to avoid litigation with the states. Under the settlement agreement ARG paid no money but agreed (a) to remove the disputed provision from its franchise agreements (which it had already done); (b) not to enforce the disputed provision in existing agreements or to intervene in any action by the Attorneys General if a franchisee seeks to enforce the provision; (c) to seek amendments of the existing franchise agreements in the applicable states to remove the disputed provision from the agreements; and (d) to post a notice and ask franchisees to post a notice to employees about the disputed provision. The applicable states instituted actions in their courts to enforce the settlement agreement through Final Judgments and Orders, Assurances of Discontinuance, Assurances of Voluntary Compliance, and similar methods.

The People of the State of California v. Dunkin' Brands, Inc., (California Superior Court, Los Angeles County, Case No. 19STCV09597, filed on March 19, 2019.) On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("**DBI**"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin's franchisees in enforcing that provision. In addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law, and, furthermore, the settlement agreement stated that such agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General ("**NYAG**") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and

the NYAG entered into a consent agreement to resolve the State's complaint. Under consent order, DBI agreed to pay $650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

Other than these actions, no litigation is required to be disclosed in this Item.

## ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

## ITEM 5. INITIAL FEES

### Initial Franchise Fee

The initial franchise fee for a Primrose franchise (the "**Initial Fee**") for a new franchisee for a new Facility is $80,000. If you are an existing franchisee that meets our qualifications, the Initial Fee for a new Facility will be $70,000. If you are purchasing an existing Facility from an existing franchisee and are approved by us to operate the Facility, the Initial Fee will be 60% of the then-current Initial Fee for existing franchisees purchasing a new Facility. We participate in the International Franchise Association's VetFran program. If you are a qualifying veteran or member of the U.S. Armed Forces, the Initial Franchise Fee for your first Facility only will be $50,000.

We reserve the right to offer to reduce the Initial Franchise Fee under certain circumstances, including as an economic incentive for a franchisee to (i) open a certain location, open a location in a certain market, take over an existing Facility, or acquire an existing child care center and convert it to a Facility; (ii) pursue a location under the permanent lease program; or (iii) develop and open several Facilities. The amount of any waiver or reduction will be decided by us on an individual basis based on the circumstances and relevant considerations.

The Initial Fee is payable when you sign your Franchise Agreement and, except as otherwise provided in this Item 5, is not refundable. In the fiscal year ended December 31, 2024, we charged Initial Fees ranging from $50,000 (for the veteran's discount described above) to $80,000 (our standard Initial Fee).

### Real Estate Fees

Real Estate Development Program. Under the REDA, you or your Real Estate Affiliate must pay us a real estate fee (the "**Real Estate Fee**") equal to $70,000. The Real Estate Fee is payable in two installments, with a deposit (the "**Real Estate Fee Deposit**") equal to $25,000 payable at the time of signing the REDA and the remaining $45,000 payable at the Closing. The "**Closing**" is the time when you or your Real Estate Affiliate (i) closes on a purchase agreement for the site for the Facility (under the Real Estate Development Program or Independent Development Program) or (ii) conducts the soft cost closing (under the Build-to-Suit Program and Permanent Lease Programs).

If your Real Estate Affiliate (i) executes a construction contract for construction of the Facility within eight weeks after we or our architect provides notice to you that we or they have begun soliciting construction bids, (ii) select a lender within 45 days after we provide written notice requesting that you begin the process of securing such financing, and (iii) close on any acquisition,

construction and permanent equity and debt financing for development of the Facility on terms reasonably satisfactory to us within 30 days after execution of the construction contract, the remaining Real Estate Fee due at Closing will be reduced to $30,000.

Permanent Lease Program. Under the Franchise Agreement, you must pay us a Real Estate Fee of $70,000. The Real Estate Fee is payable in two installments, with a Real Estate Fee Deposit equal to $25,000 payable at the time of the signing the Franchise Agreement and the remaining $45,000 payable at the Closing. If you (i) execute a construction contract for construction of the Facility within eight weeks after we or our architect provides notice to you that we or they have begun soliciting construction bids, (ii) select a lender within 45 days after we provide written notice requesting that you begin the process of securing such financing, and (iii) close on any acquisition, construction and permanent equity and debt financing for development of the Facility on terms reasonably satisfactory to us within 30 days after execution of the construction contract, the remaining Real Estate Fee due at Closing will be reduced to $30,000.

Build-to-Suit Program, Independent Development Program, and Site First Program. If we authorize you to participate in the Build-to-Suit Program, Independent Development Program, or Site First Program, you will pay us a Real Estate Fee of $25,000 upon signing the Franchise Agreement for the various real estate and development related services that we provide under such programs.

Variations to Real Estate Fee. We reserve the right to offer to reduce the Real Estate Fee under certain circumstances, including if you are opening a Conversion Facility or as an economic incentive for a franchisee to (i) open a location in a certain market; (ii) accelerate development of a location; (iii) pursue a location under the permanent lease program; or (iv) develop and open several Facilities. The amount of any waiver or reduction will be decided by us on an individual basis based on the circumstances and relevant considerations.

In the fiscal year ended December 31, 2024, we charged Real Estate Fees ranging from $25,000 to $70,000 under the Real Estate Development Program, $25,000 under the Permanent Lease Program, $25,000 under the Independent Development Program, $25,000 under the Site First Program, and $25,000 under the Build-to-Suit Program.

**Refundability of Initial Fees and Real Estate Fees**

The Initial Fee and Real Estate Fee are not refundable, except as described below in this Section. We will refund (a) the Initial Fee less $20,000 and (b) the Real Estate Fee Deposit less (i) $10,000 due to us for work expended by us and (ii) all out-of-pocket expenses and fees incurred by us in regard to the site or a replacement site, if we elect to terminate the Franchise Agreement (and any related REDA), because:

(i) we identify a site within the Development Area which meets our criteria for acceptable Facilities and you reject the site (for the Site First Program, you reject two sites or you have rejected one site and it has been at least 20 months after the execution of the Franchise Agreement);

(ii) a site has not been accepted by us at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of the Franchise Agreement (if a site is identified but not accepted prior to execution of the Franchise Agreement) or not later than 36 months after the execution of the Franchise Agreement (if a site is not identified prior to execution of the Franchise Agreement) (this clause (ii) is not applicable under the Site First Program);

(iii) you fail to obtain our prior written approval for the lease and execute the lease within 60 days after we accept a site for your Facility;

(iv) we determine that it is unlikely that you will locate a site for your Facility that is suitable and/or economically feasible for the development of a Facility; or

(v) we determine that you are unable to proceed with the development of the site for any reason.

We will refund all of the Initial Fee and the Real Estate Fee Deposit if (i) you reject a site that would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**") and you do not agree to change the Development Area (for all programs other than the Site First Program) or (ii) we fail to present a single site within the Development Area within the first 20 months after the execution of the Franchise Agreement (for the Site First Program only).

If our Development Expenses (as defined below in this Item) exceed the amount of any Initial Fee or Real Estate Fee Deposit that is due to be refunded to you, then you must reimburse us for the difference between such Development Expenses and the refundable amount.

For the avoidance of doubt, if you request termination (for a reason other than your rejection of a Conversion Site), we are not obligated to refund any fees to you, and you may be obligated to pay any outstanding costs associated with the development of the site.

**Training Fees and Opening Support Fees**

You must also pay us an initial training and opening support services fee (the "**Initial Training Fee**") of $35,000, which covers Initial Training and Opening Support ("**ITOS**") services that we will provide. ITOS services include our initial training program and new franchise owner orientation ("**Initial Training**") for up to two trainees (your On-Site Owner and one other Owner or other representative that we designate or approve) and additional support services during the opening of your Facility. We may reduce the Initial Training Fee to $18,000 if you or your Owners are existing franchisees and we, in our sole discretion, determine that you and your trainees are not required to attend Initial Training. You must pay an Initial Training Fee deposit of $5,000 upon signing the Franchise Agreement (unless you are eligible for the reduced Initial Training Fee) and must pay the balance of the Initial Training Fee at the Closing. We require your Multi-School Managers and may require or permit additional Owners or your Directors, to attend Initial Training for an additional fee, which is currently $3,500 per each additional attendee over the first two trainees but may be increased in any calendar year by up to 25% of the then-current fee. The Initial Training Fee and any other training fees paid by you for additional representatives who attend Initial Training are not refundable. These fees are uniform for all new franchisees. If we determine, in our sole discretion, that you have not satisfactorily completed any part of the required training, we have the right to terminate your Franchise Agreement and the Initial Training Fee deposit will be retained by us.

If we, in our sole discretion, deem it necessary and appropriate to provide you with additional assistance beyond our standard level of assistance, you must pay us our per diem rate for such assistance (which will not exceed $1,500 per representative per day) and reimburse us for the costs and expenses we incur in providing such additional assistance.

**Development Expenses**

Real Estate Development Program and Permanent Lease Program. Under the Real Estate Development Program and Permanent Lease Program, you and your Real Estate Affiliate will also be responsible under the Franchise Agreement or REDA for reimbursing us for the expenses that we incur before or after the execution of such agreements that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), including, without limitation, expenses and fees incurred for engineering, environmental studies, soil samples, architectural fees, legal fees, travel and living expenses, or any and all other fees that we incur in regard to the identification, investigation, review, and acceptance process (including any expenses we incur reviewing documents relating to the lease or purchase of the premises for the Facility) and for services rendered on the site. In addition, you and your Real Estate Affiliate must pay interest on any amount paid or advanced by us from the date of such payment by us until we are repaid, with such interest to be calculated at the rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. The Development Expenses will be due to us regardless of whether or not the Facility is built or leased on a particular site or whether or not we approve any submitted proposal or plan.

The Development Expenses are due to us (a) at the Closing and, additionally, (b) within 10 days after the date we send an invoice for such amount (such expenses may be invoiced at any time before or after the Closing for expenses incurred before or after the Closing). You and your Real Estate Affiliate or Approved Developer are responsible for all other costs and expenses associated with the development of the Site and the construction of the Facility, which are further described in Item 7.

Independent Development Program. Under the Independent Development Program, you must reimburse us for all reasonable expenses that we incur that are related to the identification, development, and construction of the Site and the Facility (the "**Franchisor Expenses**"), which may include, but not be limited to, expenses and fees incurred for reviewing plans and environmental studies, inspecting sites, reviewing leases, advising you and your agents, legal fees, travel and living expenses, or any and all other fees incurred by us in regard to the identification, investigation, review, and acceptance process and for services rendered related to the Site. You must pay us the Franchisor Expenses within 10 days after the date we send an invoice for such amount.

Site First Program. Under the Site First Program, once you accept a site, you will be obligated to reimburse us for the Development Expenses we incur related to such site (including interest but excluding rent that we may owe under the Site First Lease). If you do not open a Facility at such site for any reason (including if a situation arises in which it is determined that it will not be feasible to develop a Facility at such site), you will remain responsible for reimbursing us for any Development Expenses we have incurred related to such site. In addition, if you accept a substitute site, you will be responsible for reimbursing us for any Development Expenses we incur in connection with such substitute site. You must pay us our Development Expenses within ten days after we send you an invoice. We also may require you to establish a reserve account with us to ensure reimbursement of the Development Expenses.

**Construction Management Services**

Under all Programs (except the Independent Development Program, the Build-to-Suit Program when the Developer is managing construction, and the Site First Program), we have the right to designate a construction manager (which may be us, our affiliate, or a third party). If we

designate us or our affiliate as the construction manager, we may require you to execute a construction management services agreement with us or our affiliate and pay us or our affiliate a fee for construction management services. Currently, we estimate that the fee will be $37,500, unless you request additional services beyond the standard service offering. We may change the fee from time to time.

**National Architect Fee**

We may designate one or more architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**"). If you are developing the Facility through the Build-to-Suit Program or the Independent Development Program and you or the Approved Developer use an architect other than a National Architect to design the Facility, we may require you or the Approved Developer to pay the National Architects or us (so that we may pay the National Architects on your behalf) (i) a fee of $8,000 for the release of prototype plans to your architects and (ii) a fee of $2,500 to review your architect's proposed plans, including subsequent change orders.

**Rent Guarantee**

Build-to-Suit Program and Permanent Lease Program. In limited and unique circumstances under the Build-to-Suit Program and Permanent Lease Program, PSFC may provide a limited rent guarantee in favor of your independent third-party landlord specifically for the purposes of renting the real property, building, and improvements for the Facility from such party. If PSFC provides the guarantee, you will be required to pay PSFC a non-refundable limited rent guarantee fee equal to 5% of the guarantee amount (we estimate the rent guarantee fee may be up to $25,000). You will also be required to sign a Rent Guarantee Agreement, which will be based on the form that is attached in **Exhibit H.5** to this Disclosure Document but may be modified by PSFC based upon the lease, the landlord, local laws, and the unique circumstances. If you refinance or take on additional debt during the period in which a Rent Guarantee Agreement is in place, we may require you to pay a deposit to us that is equal to the balance of the guarantee amount. The terms of your lease between you and your landlord will be negotiated by you and your landlord but must include certain provisions required by us that are specified in the Franchise Agreement and also must be approved by us.

Site First Program. For all Facilities developed under the Site First Program, PSFC (or another affiliate that we designate) may provide a limited rent guarantee in favor of the Approved Developer specifically for the purposes of renting the real property, building, and improvements for the Facility from such party. If PSFC provides the guarantee, you will be required to enter into a Rent Guarantee Agreement with PSFC and pay PSFC at the time of signing such agreement a non-refundable limited rent guarantee fee equal to 5% of the estimated guarantee amount. The estimated guarantee amount will be the aggregate base rent and additional rent that is projected to be due during the third year of the Site First Lease. We estimate the rent guarantee fee may be between $25,000 and $50,000.

**Development Fee**

If you enter into a Development Agreement, you must pay us, upon signing the Development Agreement, a development fee equal to $25,000 per Facility to be developed (the "**Development Fee**"). We expect to offer franchisees the right to develop three Facilities under each Development Agreement, which would result in a $75,000 Development Fee per Development Agreement. The Development Fee will be credited towards the Initial Fee for each Facility developed under the Development Agreement.

**Grand Opening Marketing**

You must spend a minimum amount that we specify after the site has been selected for grand opening advertising, including advertising and promotional activities that you will conduct prior to operating your Facility (the "**Minimum Grand Opening Amount**"). The Minimum Grand Opening Amount will be determined by Franchisor, in its sole discretion, and will range from $40,000 to $100,000 for new Facilities and $15,000 to $100,000 for Conversion Facilities. We will consider factors including media costs in your market, size of your market, the capacity of your Facility, your experience, other child care centers in the surrounding area, and, for Conversion Facilities, whether the Facility had been closed prior to the conversion in determining the Minimum Grand Opening Amount for your Facility. You must spend the Minimum Grand Opening Amount within the period from six months before to 12 months after the date the Facility opens (the "**Opening Date**"). For Conversion Facilities that were in operation prior to the conversion, the Minimum Grand Opening Amount must be spent in the 12 months after the Opening Date. We may require you to deposit up to the full minimum required amount for grand opening advertising with us at a specified time prior to the Opening Date, and we will spend such money on grand opening marketing on your behalf.

## ITEM 6. OTHER FEES

The table below describes fees and payments that are payable to us or our affiliates, or imposed by us on behalf of a third party, relating to the operation of your Facility. All of the fees listed below are non-refundable and, except as noted below, are uniformly imposed.

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Continuing Services and Royalty Fee (the "**Royalty Fee**") | 7% of Gross Revenues[1] | Payable monthly on the 10th day of the next month | For the definition of Gross Revenues, see Note 1. |
| Primrose® Brand Fund Fee (the "**Brand Fund Fee**") | Currently, 2% of Gross Revenues, but may be increased by us at any time, but not more than a total of 3% of Gross Revenues | Payable monthly on the 10th day of the next month | Used to contribute to the Primrose® Brand Fund (the "**Brand Fund**"), which is described in Item 11. |
| Local Advertising | 1% of Gross Revenues for the preceding month or $1,000, whichever is greater | Payable as incurred | You must spend this amount each month on approved local community awareness, advertising, public relations, community involvement activities, sponsorships, business partnerships, and promotions in |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | accordance with marketing plans that you submit to us ("**Approved Local Advertising**"). |
| Cooperative Contributions | 1% of Gross Revenues for the previous month, unless members of the Cooperative agree to increase it up to 2% of Gross Revenues | Payable as defined by the Cooperative | If we establish a market level business cooperative (a "**Cooperative**") in your market, you must join and make contributions to the Cooperative. Currently, all markets with five or more Facilities will have a Cooperative. Cooperatives may pool resources for advertising or other common purposes. If we operate company-owned Facilities in the future (which we have no plans to do), we expect that each Facility will contribute to and vote in a Cooperative. |
| Academic Curriculum Material License Fee | $450 - $480 per certain specified classrooms as specified annually, plus $1,400 - $1,600 per Facility annually | Payable on demand | If we require you to license academic curriculum materials from us or our affiliates, we may require you to pay a reasonable license fee for such materials, which may vary based on the materials licensed. We reserve the right to change this fee, provided that the fee will not be increased in any calendar year by more than 25% of the then-current fee. |
| Cognia™ Accreditation | Currently, $900; increasing to $1,100 on July 1, 2025 | Payable on demand | You must pay this amount each school year to maintain Cognia™ accreditation. We may modify our accreditation requirements and/or the related fees from time to time, provided that the fees will not exceed 110% of our actual costs and expenses. |
| Late Fee | Interest at 1.5% per month, plus a 5% late fee on past due amounts, along with NSF charges | Payable on demand | Applies to all payments to be made by you to us. |
| Transfer Fee (the "**Transfer Fee**") | For any Control Transfer, (i) you must pay a transfer fee of 40% of the then-current Initial Fee for existing franchisees purchasing a new Facility, plus all costs and expenses incurred by us and (ii) your transferee must pay a non-refundable Initial Fee equal to | Payable at closing | Payable if there is a transfer of any direct or indirect legal or beneficial ownership interest in the Franchise Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of your Entity. A "**Control Transfer**" occurs if there is a transfer of (i) any interest in the Franchise Agreement, (ii) the Facility or substantially all of its assets, or (iii) any interests that result in a change in control of your Entity. For a Control Transfer, we may require you to pay us or a third party, prior to the closing of such transfer, an inspection fee |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | 60% of the then-current Initial Fee for existing franchisees purchasing a new Facility. For a transfer that is not a Control Transfer, you must pay our then-current transfer fee for transfers that do not result in a Control Transfer (currently, per Franchise Agreement, $3,250 for each new Owner added and $1,250 for each Owner removed). | | between $1,000 and $3,000 to cover the costs of inspecting your Facility. For a transfer that is not a Control Transfer, the transfer fee may be increased in any calendar year by up to 25% of the then-current fee. |
| Transfer Training and Support Fee | The transfer training and support fee is the same amount as our Initial Training Fee. Currently, this amount is $35,000. | $5,000 must be paid at least 10 days prior to the Owners attending Initial Training, with the balance due at closing of the transfer | In the event that you transfer a Facility to an existing franchisee who meets certain previous training requirements, we may charge a reduced transfer training fee of $18,000. This fee may change from time to time, provided that it may not be increased in any calendar year by more than 25% of the then-current fee. |
| Successor Term Fee | 10% of our then-current Initial Fee for existing franchisees purchasing a new Facility | Prior to the expiration of the initial term | Payable if you enter into a successor term. |
| Successor Term Training Fee | Currently, the successor term training fee is $5,000, which covers training for two Owners | Within one year (before or after) the expiration of the initial term | If more than two Owners are trained, you must pay an additional fee of $1,250 per additional Owner. This fee may change from time to time, provided that it may not be increased in any calendar year by more than 25% of the then-current fee. |
| Initial Training Fee for Subsequent or Replacement Trainees | Currently, $3,500 per trainee | Payable when services are provided | If we provide Initial Training to any subsequent or replacement trainees (other than training provided in conjunction with a transfer), you must pay this fee. This fee may change from time to time, provided that it may not be increased in any calendar year by more than 25% of the then-current fee. |
| Additional Training Fee (the | Our current hourly rate, plus all costs and expenses that | Payable when services are provided | Payable if we provide additional training to your existing or future employees. This fee may change from time to time, |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| "**Additional Training Fee**") | we or our affiliates incur (currently, $100 per hour for each trainer, not to exceed $750 per day for each trainer; subject to adjustment upon 30 days' written notice) | | provided that it will not exceed $1,500 per day for each trainer, plus any of our and our affiliates' costs and expenses. |
| Conference and Meeting Registration Fees | Our current rate per attendee. Currently, the fee for meetings and conferences ranges from $500 to $1,260 per attendee, but it is subject to change. | Payable prior to the National Conference | Payable if we conduct an annual national conference or national business meeting (the "**National Conference**"). We may require your Owners or other representatives to attend and, if they do not attend, may still charge them the on-site registration fee (which may be higher than pre-registration fees). If we permit non-Owners to attend, the fee may be lower for such representatives. This fee may change from time to time, provided that it may not be increased in any calendar year by more than 25% of the then-current fee. |
| Training Programs Fee | A fee that we may set for each training program, which will vary from program to program | Payable when services are provided | Payable if your Owners or representatives attend optional or mandatory training programs, seminars, or workshops. We may require your Owners or other representatives to attend and may collect the fee, whether or not they actually do attend. This fee currently ranges from $500 to $1,260 per attendee but may be increased in any calendar year by up to 25% of the then-current fee. |
| Additional Consulting Services Fees | Our current daily rate (currently, $750 per representative per day), plus their travel and living expenses, including transportation, lodging and meals. | Payable when services are provided | We may offer you consultation services beyond the support services under the Franchise Agreement, and if you accept them, we can charge you this fee. The daily rate may change from time to time, provided that it will not exceed $1,500 per day. If such services are provided on-site, then you also must reimburse us for our representative's travel and living expenses, including transportation, lodging and meals. |
| Temporary Management Fee | Our current daily rate (currently, $750 per representative per day), plus all costs and expenses that | Payable when services are provided | Payable if we opt to operate your franchise after you have defaulted under the Franchise Agreement and have failed to cure the default within 30 days or if your On-Site Owner is absent, |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | we and our affiliates incur | | incapacitated, or deceased. The daily rate may change from time to time, provided that it will not exceed $1,500 per representative per day. |
| Non-Compliance Fees | Up to $1,000 per single violation | Payable upon demand | If we determine that you have violated any of your Franchise Agreement obligations or any standards in the Confidential Manuals, we may charge you one or more Non-Compliance Fees, which (a) will be specified in the Confidential Manuals or otherwise in writing, (b) may be modified by us from time to time, (c) may be charged repeatedly (as frequently as daily) if non-compliance is ongoing, and (d) may vary based on the severity and number of violations and whether the violations have been repeated. |
| Remedial Expenses | 110% of our and/or our affiliates' actual costs and expenses related to remedying any deficiencies | Payable upon demand | Payable if you fail to correct any maintenance issues that we identify within 30 days, and we or our affiliates, in our sole discretion, enter the Facility to make such repairs or improvements. |
| Follow-up Inspection Fee | Our current daily rate (currently, $750 per representative per day), plus all costs and expenses that we and our affiliates incur | Payable upon demand | Payable if we or our affiliates perform a follow-up inspection to review any corrective actions you take to cure deficiencies. The daily rate may change from time to time, provided that it will not exceed $1,500 per day. |
| Insurance Procurement Fee | 150% of the costs and expenses that we and our affiliates incur to procure and maintain insurance on your behalf | Payable upon demand | Payable if we or our affiliates procure insurance on your behalf after you fail to do so. |
| Product, Service, or Supplier Review Fee | Our current daily rate (currently, $750 per representative per day), plus all costs and expenses that we or our affiliates incur testing or reviewing such items or suppliers | Payable upon demand | Payable if you propose to use any Goods (as defined in Item 8), or to purchase from any suppliers (including insurance companies), that we have not approved. The daily rate may change from time to time, provided that it will not exceed $1,500 per day. |
| Additional Expenses | Our current daily rate (currently, $750 per representative per day), plus all costs | Payable upon demand | Payable if we, our affiliates, or third parties on our behalf take action, because (a) you request assistance beyond what we are obligated to provide, (b) you |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | and expenses that we or our affiliates incur | | request our review or approval of any matter, (c) or you default under the Franchise Agreement. The daily rate may change from time to time, provided that it will not exceed $1,500 per day. |
| ACH Fees | Amount of our or our affiliates' expenses | Payable monthly on the 10th day of the next month | Royalty Fees and Brand Fund Fees will be collected via Automated Clearing House on the 10th of each month and on the 20th of each month (or, if necessary, the next business day after such date) for franchisees with outstanding Notes due to us. Other amounts will be collected via ACH as they come due. |
| Indemnification | Our or our affiliates' losses, costs, expenses (including attorneys' fees), and damages | Payable on demand | Payable if we or our affiliates incur losses due to your operation of the business and the Facility, your breach of any agreement with us or our affiliates, or the acts or failures of your employees. |
| Damages Upon Expiration or Termination | Our or our affiliates' actual damages, costs, and expenses (including, without limitation, lost future royalties and reasonable attorneys' fees) | Payable on demand | Payable if (i) we terminate the Franchise Agreement due to your default and we incur damages or expenses due to such termination or (ii) we or our affiliates incur damages or expenses related to your failure to adhere to post-termination or expiration covenants. |
| Facility Expansion Fee | $10,000 | Payable upon our approval of your request | Payable if you would like to expand the size of the Facility. |
| Relocation Fee | Our or our affiliates' actual costs and expenses, plus any other development fees that would be charged to develop a new Facility. | Payable on demand | Payable if you relocate the Facility to a new site. See Item 5 for a description of the expenses related to developing a new Facility. |
| Rent Guarantee Deposit | A refundable deposit equal to the balance of the rent guarantee amount | Payable on demand | Payable if you refinance or take on additional debt during the period in which a Rent Guarantee Agreement is in place. We will refund the deposit upon the expiration of the Rent Guarantee Agreement, less any amounts that we have paid to third parties under such agreement. |
| Lease Review Fee | Our or our affiliates' actual costs and expenses, including attorneys' fees, plus our then-current per | Payable on demand | Payable if we or our affiliates engage our attorneys to review your proposed lease, lease renewal, or guarantee (not applicable under the Site First Program). We may change the lease consultation |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | diem rate for lease consultations, which is currently $500 per hour. | | fee, provided that it will not exceed $500 per hour. |

**NOTES**

"**Gross Revenues**" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by a franchisee, and by persons other than such franchisee, in connection with such franchisee's business or otherwise at or through its Facility, whether to clientele of such franchisee or of persons other than such franchisee, and whether or not sold or performed at or from the Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. Gross Revenues shall include, but shall not be limited to, all revenues from tuition, field trips, student screening tests, sale of all apparel and novelties, full charges and commissions for class and individual photographs and other charges and commissions, and condemnation awards received for loss of revenue or business, whether generated by or paid to such franchisee or persons other than such franchisee, and also shall include the fair market value of any goods or services received, directly or indirectly, by such franchisee in the event consideration other than cash is received. Franchisees must report to us any non-cash consideration that they receive. When a child is enrolled in your Facility, you are required to bill for tuition and other fees for such child in the manner we prescribe. If you bill for tuition and other fees in another manner, or if you grant discounts that exceed the maximum discounts allowed by us for the purposes of the computation of Royalty Fees and Brand Fund Fees, we will collect the Royalty Fees and Brand Fund Fees based upon the billing procedures prescribed by us and the discount limits set by us, regardless of when or whether you collect such tuition and other fees, and regardless of the amount you charge for tuition and other fees.

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## ITEM 7. ESTIMATED INITIAL INVESTMENT

### TABLE A

### YOUR ESTIMATED INITIAL INVESTMENT FOR REAL ESTATE DEVELOPMENT PROGRAM

| Type of Expenditure | Low | High | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Fee[1] | $50,000 | $80,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Real Estate Fee Deposit[2] | $25,000 | $25,000 | Lump Sum | Signing of REDA | Us |
| Balance of Real Estate Fee[2] | $30,000 | $45,000 | Lump Sum | At the Closing | Us or Real Estate Affiliate |
| Other Real Estate and Development Costs[3] | $5,231,760 | $7,040,000 | As arranged | As arranged | Real Estate Affiliate, lender and/or us |
| Utility Security Deposits[4] | $10,000 | $30,000 | As arranged | Before opening | Utility companies |
| School Equipment and Supplies[5] | $313,000 | $383,000 | As arranged | Before opening | Approved supplier or lender |
| Insurance[6] | $5,000 | $20,000 | Installment | As arranged | Insurance company |
| Initial Training Fee[7] | $35,000 | $35,000 | As arranged | $5,000 at agreement signing; rest at Closing | Us |
| Marketing, Advertising and Grand Opening[8] | $40,000 | $105,000 | As arranged | Before opening | Us or Vendors |
| Transportation Vehicle[9] | $900 | $50,000 | As arranged | As incurred | Approved supplier or lender |
| Licenses | $4,000 | $7,000 | As arranged | As incurred | Governmental authorities |
| Miscellaneous[10] | $10,000 | $45,000 | As arranged | As arranged | Vendors, professionals |
| Financing Cost[11] | $258,000 | $310,000 | Lump sum | As arranged | Lender(s) |
| Additional Funds – 3 months[12] | $180,000 | $420,000 | As incurred | As incurred | Employees, suppliers and utilities |
| **TOTAL[13, 14]** | **$6,192,660** | **$8,595,000** | | | |

**TABLE B**

**YOUR ESTIMATED INITIAL INVESTMENT**
**FOR BUILD-TO-SUIT PROGRAM**

| Type of Expenditure | Low Amount | High Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Fee[1] | $50,000 | $80,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Real Estate Fee[2] | $25,000 | $25,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Security Deposit for Lease and Limited Rent Guarantee Fee[15] | $15,000 | $250,000 | As arranged | As arranged | Landlord or PSFC |
| Utility Security Deposits[4] | $10,000 | $30,000 | As arranged | Before opening | Utility companies |
| School Equipment and Supplies[5] | $313,000 | $383,000 | As arranged | Before opening | Approved supplier or lender |
| Insurance[6] | $5,000 | $20,000 | Installment | As arranged | Insurance company |
| Initial Training Fee[7] | $35,000 | $35,000 | As arranged | $5,000 at agreement signing; rest at Closing | Us |
| Marketing, Advertising and Grand Opening[8] | $40,000 | $105,000 | As arranged | Before opening | Us or Vendors |
| Transportation Vehicle[9] | $900 | $50,000 | As arranged | As incurred | Approved supplier or lender |
| Licenses | $4,000 | $7,000 | As arranged | As incurred | Governmental authorities |
| Miscellaneous[10] | $10,000 | $45,000 | As arranged | As arranged | Vendors, professionals |
| Financing Cost[11] | $55,000 | $75,000 | Lump sum | As arranged | Lender(s) |
| Additional Funds – 3 months[12] | $180,000 | $420,000 | As incurred | As incurred | Employees, suppliers and utilities |
| **TOTAL[13]** | **$742,900** | **$1,525,000** | | | |

**TABLE C**

**YOUR ESTIMATED INITIAL INVESTMENT**
**FOR PERMANENT LEASE PROGRAM**

| Type of Expenditure | Low Amount | High Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Fee[1] | $50,000 | $80,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Real Estate Fee Deposit[2] | $25,000 | $25,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Balance of Real Estate Fee[2] | $30,000 | $45,000 | Lump Sum | Soft cost closing | Us or Property Owner |
| Security Deposit for Lease and Limited Rent Guarantee Fee[15] | $15,000 | $125,000 | As arranged | As arranged | Landlord or PSFC |
| Other Real Estate and Development Costs[16] | $1,388,400 | $3,296,200 | As arranged | As arranged | Contractor, construction manager, architects, consultants, lender and/or us |
| Utility Security Deposits[4] | $10,000 | $30,000 | As arranged | Before opening | Utility companies |
| School Equipment and Supplies[5] | $313,000 | $383,000 | As arranged | Before opening | Approved supplier or lender |
| Insurance[6] | $5,000 | $20,000 | Installment | As arranged | Insurance company |
| Initial Training Fee[7] | $35,000 | $35,000 | As arranged | $5,000 at agreement signing; rest at Closing | Us |
| Marketing, Advertising and Grand Opening[8] | $40,000 | $105,000 | As arranged | Before opening | Us or Vendors |
| Transportation Vehicle[9] | $900 | $50,000 | As arranged | As incurred | Approved supplier or lender |
| Licenses | $4,000 | $7,000 | As arranged | As incurred | Governmental authorities |
| Miscellaneous[10] | $10,000 | $45,000 | As arranged | As arranged | Vendors, professionals |
| Financing Cost[11] | $150,000 | $233,000 | Lump sum | As arranged | Lender(s) |
| Additional Funds – 3 months[12] | $180,000 | $420,000 | As incurred | As incurred | Employees, suppliers and utilities |
| **TOTAL[13]** | **$2,256,300** | **$4,899,200** | | | |

## TABLE D

## YOUR ESTIMATED INITIAL INVESTMENT FOR INDEPENDENT DEVELOPMENT PROGRAM

| Type of Expenditure | Low Amount | High Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Fee[1] | $50,000 | $80,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Real Estate Fee[2] | $25,000 | $25,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Other Real Estate and Development Costs[3] | $5,231,760 | $7,040,000 | As arranged | As arranged | Landowner/ Developer |
| Utility Security Deposits[4] | $10,000 | $30,000 | As arranged | Before opening | Utility companies |
| School Equipment and Supplies[5] | $313,000 | $383,000 | As arranged | Before opening | Approved supplier or lender |
| Insurance[6] | $5,000 | $20,000 | Installment | As arranged | Insurance company |
| Initial Training Fee[7] | $35,000 | $35,000 | As arranged | $5,000 at agreement signing; rest at Closing | Us |
| Marketing, Advertising and Grand Opening[8] | $40,000 | $105,000 | As arranged | Before opening | Us or Vendors |
| Transportation Vehicle[9] | $900 | $50,000 | As arranged | As incurred | Approved supplier or lender |
| Licenses | $4,000 | $7,000 | As arranged | As incurred | Governmental authorities |
| Miscellaneous[10] | $10,000 | $45,000 | As arranged | As arranged | Vendors, professionals |
| Financing Cost[11] | $258,000 | $310,000 | Lump sum | As arranged | Lender(s) |
| Additional Funds – 3 months[12] | $180,000 | $420,000 | As incurred | As incurred | Employees, suppliers and utilities |
| **TOTAL[13]** | **$6,162,660** | **$8,550,000** | | | |

**TABLE E**

**YOUR ESTIMATED INITIAL INVESTMENT**
**FOR SITE FIRST PROGRAM**

| Type of Expenditure | Low Amount | High Amount | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|---|
| Initial Fee[1] | $50,000 | $80,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Real Estate Fee[2] | $25,000 | $25,000 | Lump Sum | Signing of Franchise Agreement | Us |
| Security Deposit for Lease and Limited Rent Guarantee Fee [15] | $125,000 | $150,000 | As arranged | As arranged | Landlord or PSFC |
| Other Real Estate and Development Costs[17] | $10,000 | $25,000 | As arranged | As arranged | Us |
| Utility Security Deposits[4] | $10,000 | $30,000 | As arranged | Before opening | Utility companies |
| School Equipment and Supplies[5] | $313,000 | $383,000 | As arranged | Before opening | Approved supplier or lender |
| Insurance[6] | $5,000 | $20,000 | Installment | As arranged | Insurance company |
| Initial Training Fee[7] | $35,000 | $35,000 | As arranged | $5,000 at agreement signing; rest at Closing | Us |
| Marketing, Advertising and Grand Opening[8] | $40,000 | $105,000 | As arranged | Before opening | Us or Vendors |
| Transportation Vehicle[9] | $900 | $50,000 | As arranged | As incurred | Approved supplier or lender |
| Licenses | $4,000 | $7,000 | As arranged | As incurred | Governmental authorities |
| Miscellaneous[10] | $10,000 | $45,000 | As arranged | As arranged | Vendors, professionals |
| Financing Cost[11] | $19,000 | $30,000 | Lump sum | As arranged | Lender(s) |
| Additional Funds – 3 months[12] | $180,000 | $420,000 | As incurred | As incurred | Employees, suppliers and utilities |
| **TOTAL[13]** | **$826,900** | **$1,405,000** | | | |

**NOTES TO ALL TABLES**

1. Initial Fee - All Tables: The Initial Fee is described in Item 5 and is payable in full when you sign the Franchise Agreement. The Initial Fee is $50,000 if you qualify for the VetFran program (for your first Facility only), $70,000 if you are an existing franchisee, and $80,000 if you are a new franchisee.

2. Real Estate Fee - All Tables: You and/or your Real Estate Affiliate (if applicable) must pay us a non-refundable Real Estate Fee for certain services to assist you in developing the Facility, which, depending on the Program, may be payable in installments as specified in the table.

3. Other Real Estate and Development Costs - Tables A and D Only: This estimate includes costs incurred related to the development and construction of the Site, including real estate acquisition costs, development fees, and costs for architects, engineers, attorneys, consultants, construction, affixed equipment, general contractors, and construction managers. These costs are in addition to the Real Estate Fee. A portion of these costs will consist of Development Expenses, as described in Item 5. As described in Item 8, we require that the real estate for your Facility be owned by a Real Estate Affiliate, unless we otherwise approve in writing. Therefore, you can either (a) acquire the land and build the Facility yourself (should you have the funds and financing available to do so) or (b) locate someone who will purchase the land for you, build the Facility, and then lease the land and Facility back to you. Due to the nature of development and the potential for changing economic conditions, these costs can fluctuate greatly depending on the location, size, and condition of the property, local market conditions and demand, local labor and supply costs, and many other factors.

4. Utility Security Deposits - All Tables: Utility companies may require a deposit before you occupy your premises and install fixtures and before you begin receiving services. These deposits may or may not be refundable.

5. School Equipment and Supplies - All Tables: The furniture, fixtures, equipment, teaching materials, computer hardware and software, toys, and other items needed to operate a Facility is described in confidential planning and ordering materials that we will provide to you. We will review your proposed orders of these items with you while the Facility is under construction. Typically, the purchase of these items may be financed through a lender as part of the overall project costs. The low estimate is for a smaller Facility, and the high estimate is for a larger Facility. This estimate does not include Sales Tax (where applicable) and Freight Charges.

6. Insurance - All Tables: You must maintain insurance of the types and amounts required by us. The cost of insurance will depend on policy limits, the types of policies, the location of your Facility and other factors. The estimate assumes quarterly payments of your annual premium and includes payments for your first quarter. You may be able to negotiate the method of payment with your insurance agency or carrier.

7. Initial Training Fee - All Tables: See Item 5 for details about the Initial Training Fee. The Initial Training Fee described above is for your first Franchise. However, our current policy is to reduce the Initial Training Fee to $18,000 for Franchises you purchase after your first Franchise.

8. Marketing, Advertising, and Grand Opening - All Tables: You must spend the Minimum Grand Opening Amount that we specify (ranging from $40,000 to $100,000 for new Facilities and, while not reflected in the table, $15,000 to $100,000 for Conversion Facilities) for grand opening advertising in the period from

six months before to 12 months after the Opening Date (or 12 months after the Opening Date for Conversion Facilities). We may require you to pay us this fee as a deposit, and we will spend such money on grand opening marketing on your behalf. See Items 5 and 11.

9. Transportation Vehicle - All Tables: Unless we determine using a vehicle is not required, your Facility will be required to have at least one vehicle that meets our requirements. Any vehicle used must comply with all applicable federal and state laws and regulations. The purchase price of the vehicle will vary depending on the vehicle chosen, but you may be able to lease a vehicle for approximately 48 to 60 months at an estimated cost of approximately $900 to $1,200 per month.

10. Miscellaneous - All Tables: You may spend up to $45,000 for miscellaneous expenses, such as storage of supplies; legal fees for document review and the formation of an Entity; and payment of payroll and other incidental expenses before you open your Facility.

11. Financing Cost - All Tables: This is an estimate of finance charges you may have to pay prior to and at the closing of your loan, inclusive of lender and U.S. Small Business Administration fees. The finance charges may vary based on the amount you are financing. If the U.S. Small Business Association is a party to the loan, you may be required to pay an SBA Guaranty Fee based upon the loan amount plus lender loan fees. Additional details regarding the SBA Guaranty Fee are available on the U.S. Small Business Administration's website. There may be other lender fees and related costs and expenses in obtaining financing.

12. Additional Funds - 3 Months - All Tables: This is an estimate of your initial expenses for the first three months of operation, such as payroll, supplies, utilities, Royalty Fees, Brand Fund Fees, Software license fees, and other start-up expenses. These initial expenses include costs for transportation, meals, and lodging for attending the on-site portion of Initial Training. Expenses related to Initial Training will depend on a number of factors such as the distance you must travel and the type of accommodations you choose. For the Build-to-Suit Program and Permanent Lease Programs, most franchisees negotiate with their landlord a rent abatement period through at least their first three months of operation, but we have included in the high estimate the cost of three months' rent for a typical Facility in a typical market.

    We relied on information provided by certain franchisees' lenders in preparing the estimate for additional expenditures. These figures are estimates and we cannot guarantee that you will not have additional start-up expenses. Your costs will depend on factors such as how well you follow the System, your management abilities, your experience and business skills, local economic conditions, the local market for the services of your Facility, prevailing wage rates, competition, and the revenues generated during the initial period.

13. Total - All Tables: These figures are based on our and our affiliates' experience working with franchisees to develop Facilities and historical data reported from franchisees that have developed Facilities. These estimates are based on the construction of our typical one-story Facilities located in suburban locations. These

estimates do not include two-story Facilities or Primrose on Premise, as we do not have sufficient data to provide reasonable estimates for such Facilities.

These estimates are for developing a new Facility, rather than acquiring a Conversion Facility. The expenses for a Conversion Facility may vary significantly from the estimates included here due to a number of variables, such as whether the existing facility was operated immediately before the conversion, the condition and design of the existing facility, the amount and nature of renovations that may be required, and whether items from the existing facility may be used in the Conversion Facility.

We and our affiliates do not offer any financing for the initial investment.

Except as otherwise noted, we are not aware of any other payments you need to make in order to begin operating your Facility. Any amounts paid to us or our affiliates are not refundable, except as specifically described in Item 5. Amounts paid to a third party may be refundable, depending upon the contracts, if any, between you and the third party.

14. Total - Table A Only: Since the Real Estate Affiliate will be an affiliate of yours and the lease of the Facility is not an arm's length transaction, we have not included security deposits or lease payments in the above table. We have assumed that the Real Estate Development Program will be used as a means of structuring ownership of the Facility.

15. Security Deposit for Lease and Limited Rent Guarantee Fee

    Tables B and C Only: Your landlord may require you to pay a security deposit for your lease. We estimate that the amount of the security deposit may range between $15,000 and $250,000 based on the security deposits reported by our franchisees for a typical suburban Facility.

    Table E Only: Under the Site First Program, the security deposit will be $100,000.

    Tables B, C, and E Only: In limited and unique circumstances, as well as under the Site First Program, PSFC may provide a limited rent guarantee in favor of your landlord specifically for the purposes of renting the real property, building and improvements for the Facility from such landlord. If PSFC provides the guarantee, you will be required to sign a Rent Guarantee Agreement and pay PSFC a non-refundable limited rent guarantee fee. The limited rent guarantee fee will be 5% of the guarantee amount or, for the Site First Program, 5% of the estimated guarantee amount (which will be calculated based on one year of aggregate projected rent). We have estimated the rent guarantee fee to be up to $25,000 under the Build-to-Suit Program and Permanent Lease Program and between $25,000 and $50,000 under the Site First Program.

16. Other Real Estate and Development Costs - Table C Only: This estimate includes costs incurred related to the development and construction, including costs for architects, general contractors, and construction managers. These costs are in addition to the Real Estate Fee. A portion of these costs will consist of Development Expenses, as described in Item 5. Facilities developed under the

Permanent Lease Program are typically located in space that you will lease in an existing building.

17. Other Real Estate and Development Costs - Table E Only: This estimate includes the Development Expenses that we incur related to the development and construction of the Facility, including, without limitation, expenses and fees incurred for preliminary diligence work, traveling to the site, reviewing unique lease terms, or any and all other fees that we incur in regard to the identification, investigation, review, and acceptance process and for services rendered related to the site. If you are acquiring an existing Conversion Facility, these expenses may also include engineering fees, environmental studies, soil samples, and architectural fees. These costs are in addition to the Real Estate Fee.

**YOUR ESTIMATED INITIAL INVESTMENT**

**(MULTIPLE FACILITIES DEVELOPED UNDER DEVELOPMENT AGREEMENT)**

| Type of Expenditure | Low Estimate | High Estimate | Method of Payment | When Due | To Whom Payment Is Made |
|---|---|---|---|---|---|
| **Development Fee (1)** | $75,000 | $75,000 | Lump sum | When sign Development Agreement | Us |
| **Estimated Initial Investment for First Facility (2)** | $667,900 | $8,570,000 | As incurred | As incurred | Us and third parties |
| **TOTAL (3)** | **$742,900** | **$8,645,000** | | | |

**Notes**:

1. Development Fee. Upon signing the Development Agreement, you must pay us the Development Fee. We expect to offer franchisees the right to develop three Facilities under each Development Agreement, which would result in a $75,000 Development Fee per Development Agreement. The Development Fee will be credited towards the initial Fee for each Facility developed under the Franchise Agreement. The Development Fee is not refundable. See Item 5.

2. Estimated Initial Investment for First Facility. For each Facility that you develop under a Development Agreement, you will execute a Franchise Agreement and incur the initial investment expenses for the development of a single Facility, which will depend on the Program that you choose, as described in the previous table of this Item 7. This estimate is based on the expenses described in the first table of this Item 7. The high estimate is for a Facility developed under the Real Estate Development Program, and the low estimate is based a Facility developed under the Build-to-Suit Program. $25,000 from the Development Fee has been deducted from the initial investment for the first Facility, since that amount will be credited towards the Initial Fee for each Facility.

3. Total. We do not provide financing to franchisees either directly or indirectly in connection with their initial investment requirements.

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

Except as specified below, you are not required to purchase or lease goods, services, supplies, fixtures, equipment, inventory, computer hardware or software, real estate, or comparable items related to establishing or operating the Facility from us, our designees, or suppliers we approve, or under our specifications.

**Operating Equipment and Supplies**. We have the right to require that furniture, fixtures, equipment, signs, playground equipment and materials, stationery and printed materials, office supplies, games, toys, academic curriculum materials, school supplies, food, cleaning supplies, items bearing the Marks (including clothing), kitchen supplies, and other supplies and products necessary to operate your Facility (collectively, "**Goods**") that you purchase for resale or purchase or lease for use in your Facility: (i) meet specifications that we establish from time to time; (ii) are a specific brand, kind, or model; (iii) are purchased or leased only from suppliers or service providers that we have expressly approved; and/or (iv) are purchased or leased only from a single source that we designate (which may include us or our affiliates or a buying cooperative or similar group buying arrangement organized by us or our affiliates). To the extent that we establish specifications, require approval of suppliers or service providers, or designate specific suppliers or service providers for particular items or services, we will publish our requirements in the Confidential Manuals or otherwise in writing. We may, in our discretion, unilaterally change or add to any specifications, standards, or approved Goods or suppliers. These changes or additions may affect your obligations and may require additional capital investment or expenditures.

You are required to purchase from our approved vendors marketing collateral materials, apparel bearing the Marks, premium incentive items, toys, academic curriculum materials, equipment, training materials, booklets, and certain software that we require you to purchase or license and use in the Facility (the "**Software**"). In addition, you are required to use the architectural and engineering services of a firm that we approve.

Approved suppliers for certain items may include us, our affiliates, or a third party. As described in Item 5, under each Program, you must pay us a Real Estate Fee for certain real estate services that we or our affiliates will provide in accordance with the Franchise Agreement or REDA, as applicable. We also require you to license certain academic curriculum materials from us, as described in Item 6. Except for academic curriculum materials, you are not obligated to purchase or lease from us or our affiliates any items relating to establishing or operating your Facility. Except for academic curriculum materials and real estate services, our affiliates are not approved suppliers of any items and do not sell or lease products or services to franchisees.

One of our officers owns an interest in PHC and, therefore, an indirect interest in us. Other than this, none of our officers own an interest in any supplier with whom you are required or recommended to do business.

Your inventory of toys, academic curriculum and teaching materials, and related equipment and supplies must meet our specifications and be purchased from a vendor approved by us, unless you can obtain the exact same item/brand from another vendor. You must maintain these items in good, safe, and usable condition and must periodically replace them in accordance with our standards. Currently, you may purchase menu items and snacks that meet our food standards from any source that meets and agrees to comply with our standards, but we may designate suppliers for certain food products in the future. An outside source for a group buying program is available to you and provides a food service vendor.

Unless we specify otherwise in writing, if you propose to use or install at your Facility any Goods or use a supplier that is not approved by us, you must first notify us and submit samples and any other information that we require to determine whether the Goods meet our specifications and quality standards. We apply the following general criteria in deciding whether to approve a supplier: (i) ability to make the product to our quality and safety specifications; (ii) production and delivery capability; (iii) integrity of the supplier; and (iv) financial condition of the supplier. We may require proposed suppliers to submit to us the methods and techniques they use for testing products or services they propose to provide. Approvals of toys, equipment, and supplies may depend on the item's safety, durability, educational value, and usability by the age group in question. You must pay us promptly on demand or prior to any actual testing for all costs and expenses that we incur in testing and approving any Goods or reviewing any suppliers that you propose, which may be charged at our per diem rate, regardless of whether or not we approve the Goods or supplier. We will notify you in writing within a reasonable time (typically, within 30 days of the completion of our review) whether we approve the Goods or supplier. Our approval will not be unreasonably withheld.

Any motor vehicles you use in the operation of your Facility ("**Vehicles**") must comply with all federal and state laws and regulations and our specifications. Currently, unless we determine a Vehicle is not necessary, we require you to purchase at least one Vehicle, which must be a multi-function school activity bus capable of seating at least 14 people. You may purchase or lease new or replacement Vehicles from any source. All Vehicles must bear the Marks in the form and location that we specify, and may not display any additional sales, advertising, or message without our prior written approval. Vehicles must be used exclusively for the business of the Facility and primarily for transporting students of the Facility.

You must obtain, install, and use, at your expense, the hardware, computer system, mobile devices, Software, online services, and communications links that we specify from time to time. You may purchase computer hardware which meets our standards and specifications from any source. The computer hardware must be capable of operating the Software and must be able to communicate directly with our computer hardware using a high-speed Internet connection. We may modify the Software from time to time, including by adding, removing, or modifying the designated components or software programs, and you must adopt these modifications, at your expense, within 30 days after notice from us. See Item 11 for additional information regarding required computer hardware and software.

We estimate that 85% of your purchases and leases in establishing the Franchise and approximately 85% of your total purchases and leases in operating the Franchise will be subject to the restrictions described above.

**Insurance**. You must purchase and maintain the types and amounts of insurance that we require from an insurance provider that we designate in the Confidential Manuals or an insurance provider that we accept from a carrier rated A by AM Best. Currently, we require you to purchase for each Facility special form ("all-risk") property insurance, worker's compensation and employer's liability insurance, commercial general liability insurance (at least $1 million per occurrence and $2 million in the aggregate), business interruption insurance (for actual losses sustained), automobile liability insurance (at least $1 million in coverage), professional liability insurance (at least $1 million in coverage), sexual abuse coverage (at least $1 million in coverage), student accident insurance, and umbrella insurance (at least $2 million in coverage). We may modify the required insurance at any time.

If you desire to purchase insurance from a provider other than the providers designated by us, you must submit to us or our designee, any information regarding such proposed provider as we require to determine whether such provider is acceptable. We, or our designee, will notify you within a reasonable time whether we accept such proposed provider. We will not unreasonably withhold such acceptance.

**Purchase Documents**. You are not permitted to own the premises of your Facility unless we agree otherwise in writing. The premises for your Facility may be owned by us, our affiliate, your Real Estate Affiliate, or an unrelated third party. If at any time (i) your Real Estate Affiliate purchases the premises for your Facility or (ii) you or any of your owners or affiliates have obtained or proposed to obtain any financing with respect to the Facility, we must approve in writing the form of purchase contract with the seller, the form of any loan agreement with and/or mortgage in favor of any lender, and any related documents before they are signed. Our approval of these documents will be conditioned on the inclusion of certain provisions, including:

1. a provision requiring any lender or mortgagee to provide us with a copy of any written notice of deficiency or default under the terms of the loan or mortgage which is sent to your Real Estate Affiliate and to respond to questions we might have regarding your loan;

2. a provision granting us the right to cure any deficiency or default under the loan or mortgage if your Real Estate Affiliate fails to do so within 10 days after the period in which such Real Estate Affiliate may cure the default expires; and

3. a provision stating that any default under the loan, lease or mortgage is also a default under the Franchise Agreement, and that any default under the Franchise Agreement is also a default under the loan, lease or mortgage.

If your Real Estate Affiliate purchases the premises for your Facility or you or your affiliate obtain financing for your Facility, then before the premises are acquired, you or such affiliate must sign our then-current forms of Subordination Agreement (**Exhibit H.1** to this Disclosure Document) and Memorandum of Acquisition Rights (**Exhibit H.3** to this Disclosure Document) which may be modified, in our discretion, to conform with your state and local laws and practices. If any lender holds a mortgage on the premises, then such lender must also sign the Subordination Agreement.

**Lease Documents**. A lease is required for all Franchises, unless we agree otherwise in writing. If your landlord is a third party (rather than a Real Estate Affiliate), you must engage, at your expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility. The form of any lease of your Facility, or any renewal of your lease, must be approved in writing by us before it is signed and (i) within 60 days after we accept the site if it is the first lease for the Facility or (ii) at least 10 days before the expiration or termination of the previous lease, if it is a subsequent or renewal lease for the Facility. We may provide you with a generic form of our Sample Lease Agreement, although we recognize that your lessor will likely have its own form of lease. However, regardless of who may be the lessor, the lease or renewal document you sign to cover the Facility, must include certain provisions, including:

1. a provision permitting the lessor to provide us with revenue and other information that the lessor has relating to the operation of your Facility;

2. a provision requiring the lessor to provide us with a copy of any written notice of deficiency sent to you under the lease and granting us the right to cure any deficiency under the lease if you fail to do so within 15 days after the period in which you may cure the default expires or we are provided the ability to assume the lease and operate the Facility;

3. a provision which permits you to display our trademarks and service marks in accordance with the specifications required by the Confidential Manuals;

4. a provision requiring that the premises be used only for the operation of a Facility;

5. a provision stating that any default under the lease is also a default under the Franchise Agreement, and that a default under the Franchise Agreement is also a default under the lease;

6. a lease term which is at least as long as the initial term of the Franchise Agreement, plus options to extend the term for two additional 10-year periods (or another lease term agreed to and approved by you, the lessor and us);

7. lease and economic terms that we conclude, in our sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

8. a provision that the lessor will grant to one or more of your affiliates (and to us, if your affiliates decline the option) an option to purchase the Site at the end of the lease term; and

9. a provision that the lessor will grant to one or more of your affiliates (and to us, if your affiliates decline the option) a right of first refusal to purchase the Site if the lessor desires to sell the Site.

If you participate in the Site First Program, you will be required to assume the Site First Lease that we have entered into with the Approved Developer for your Facility. It is not anticipated that the Approved Developers will negotiate any modifications to the Site First Lease with you. In addition, your Owners will also be required to execute a guaranty (in the form attached to the Site First Lease) that guarantees to the Approved Developer the payment and performance of your obligations under the Site First Lease. You also must sign our Rent Guarantee Agreement, if the Approved Developer requires PSFC to provide a limited rent guarantee on your behalf for a certain period of time.

In addition, you and your landlord must sign our then-current form of Subordination Agreement (**Exhibit H.1** to this Disclosure Document) and Collateral Assignment of Tenant's Interest in Lease (**Exhibit H.4** to this Disclosure Document). These documents, which will be modified to conform, in our discretion, with your state and local laws and practices, must be signed if the lessor is a third party or if the lease is between you and one of your affiliates.

If we, in our sole discretion, lease or sublease the real property and improvements in the Facility to you, you must sign a lease in the form that we prescribe. A form of lease, which we may change at any time, is available from us. You should have your attorney or advisor review your lease or sublease. You must pay us all of our expenses incurred in preparing the final form

of lease or sublease for the real property and improvements, including attorneys' fees, regardless of whether the lease is eventually signed.

**Other Financing**. If you or your affiliates desire to obtain financing for any assets relating to your Facility other than the real property and improvements, we will have the right to require that all parties sign certain documents as we determine are reasonably necessary.

**Real Estate Development Services**. Your Facility must be built according to our architectural plans and specifications accepted by us. Except under the Site First Program, you must use and engage, at your expense, an architectural firm and construction manager that we designate or accept and a general contractor that we accept. We or our designee will inspect your Facility before its opening for business to determine whether it meets our specifications. You must remedy any deficiencies to our satisfaction before opening for business, and you must pay fees to, and the expenses incurred by us and our affiliates, or third parties, in conducting such inspection(s).

If you participate in the Site First Program, the Approved Developer that we designate will design and construct or renovate your Facility in accordance with our specifications. We will provide certain real estate selection and development services directly to them, and we or our designee will inspect the Facility solely to confirm that it complies with our standards and specifications before it is turned over to you. You will be responsible for reimbursing us for our Development Expenses related to the Facility.

Under the Franchise Agreement, REDA, Amendment to Franchise Agreement (Permanent Lease Program), and Amendment to Franchise Agreement (Site First Program) (as applicable), we and/or our affiliates will provide certain real estate selection and development services which are described more completely in Item 11. You or your Real Estate Affiliate must pay us the applicable Real Estate Fee and Development Expenses for these services and must pay the fees charged and the expenses incurred by us and/or our affiliates, or a third party or consultant acting on our behalf, in having the third party review your survey and proposed architectural plans and specifications. See Items 5, 7, and 11 for further information.

**Advertising**. You must use the advertising, public relations and marketing specialty agencies, departments, systems, and vendors that we designate to create and produce all advertising materials, apparel, and premium items for your Facility, unless we agree otherwise in writing. We may require you to purchase certain marketing items through certain vendors that we designate. If you would like to use a different source for your marketing materials or would like to propose different marketing and promotional materials, you must submit a marketing creative request to our marketing department with the appropriate forms that we specify. We must approve your proposal, materials and vendor. If we do not approve in writing any proposal within 30 days of receipt, the proposal, materials and vendor will be deemed rejected. We may withhold approval of any marketing, advertising, promotional materials or vendors if we believe that the campaign, activity, or advertisement does not fit within our brand image or promotional concept for the System or would be damaging to the System or our or our affiliates' reputation.

**Designated Accountant; Accounting Firms**. If so requested by us, you must use, at your expense, an accountant or accounting firm designated or otherwise approved by us to audit or review your financial statements. We will derive no revenue or material compensation from your use of any designated accountant.

**Revenue from Required Purchases and Leases by Franchisees**. In the last fiscal year ending on December 31, 2024, we received $1,770,475 in revenue related to required purchases

and leases of products and services by franchisees, which was 1.7% of the combined revenue of $104,235,050 for us and PSF2, as reported in our and PSF2's unaudited financial statements. Additionally, in the 2024 fiscal year, PSFC received $1,015,870 in contributions from vendors or suppliers that must be spent on the National Conference.

Except as described in this Item 8, neither we nor our affiliates have derived revenues as a result of required purchases or leases with third parties, but we or our affiliates may do so in the future, including from charging you for products and services that we or our affiliates provide to you and from promotional allowances, volume discounts, and other payments made to us by suppliers we designate or approve for some or all of our franchisees. We may use revenue that we receive for any purpose. We have not received any rebates.

There are no purchasing or distribution cooperatives, though any Cooperatives that form may decide to pool together resources to make purchases for members.

We and our affiliates periodically negotiate purchase arrangements (including price terms) with suppliers which are intended to benefit franchisees. We do not provide material benefits to franchisees (for example, granting renewal rights or granting additional franchises) based on their use of designated or approved sources or purchasing particular products or services.

## ITEM 9. FRANCHISEE'S OBLIGATIONS

**This table lists your principal obligations under the Franchise Agreement and the REDA. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document. All section references are to the Franchise Agreement unless otherwise indicated.**

**FRANCHISEE'S OBLIGATIONS**

| | Obligation | Section(s) in Agreement (FA: Franchise Agreement, REDA: Real Estate Development Agreement, DA: Development Agreement) | Item(s) in Disclosure Document |
|---|---|---|---|
| a. | Site selection and acquisition/lease | FA: 3.1 to 3.7<br>REDA: 1, 2, 3, 4, and 5<br>DA: 4 | Items 6, 8 and 11 |
| b. | Pre-opening purchases/leases | FA: 4.1, 4.2, and 10.3,<br>REDA: 1, 2, 3, 4, and 5 | Items 6, 7, 8 and 11 |
| c. | Site development and other pre-opening requirements | FA: 3.1 to 3.12<br>REDA: 1, 2, 3, 4, 5, and 6 | Items 6, 7, 8 and 11 |
| d. | Initial and ongoing training | FA: 5 | Items 6, 7 and 11 |
| e. | Opening | FA: 10.3 and 13<br>DA: 5.2 | Items 7 and 11 |
| f. | Fees | FA: 1.4, 3.9, 3.15, 5.1, 5.6, 5.7, 10.2, 10.3, 10.4, 10.5, 11, 12.2, 15.1, 18.5, 18.6, 18.9, 19.2, 21.2, and 22<br>REDA: 1, 5, 7, and 12<br>DA: 2 | Items 5, 6, 7 and 17 |
| g. | Compliance with standards and policies/ Operating Manuals | FA: 3.3, 3.8, 3.10, 3.13, 3.14, 4.1, 4.2, 5.2, 7, 9, 10.1, 10.3, 10.6, 11.1, 11.2, 12, and 13 | Items 1, 8 and 11 |

| | Obligation | Section(s) in Agreement (FA: Franchise Agreement, REDA: Real Estate Development Agreement, DA: Development Agreement) | Item(s) in Disclosure Document |
|---|---|---|---|
| h. | Trademarks and proprietary information | FA: 6, 7.1, 7.2, 8, 10.6, 18.2, 18.3, and 18.4 | Items 13 and 14 |
| i. | Restrictions on products/ services offered | FA: 1.1 | Item 16 |
| j. | Warranty and customer service requirements | FA: 13.3 and 13.5 | None |
| k. | Territorial development and sales quotas | FA: 1.2 and 1.4<br>DA: 5 | Item 12 |
| l. | Ongoing product/service purchases | FA: 10.4, 10.5, 10.6, 13.3, and 14.3 | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | FA: 3.13, 3.14, 4, 6.2, 6.5, 13.3, 18.2, and 18.4 | Items 8 and 11 |
| n. | Insurance | FA: 15 | Items 7 and 8 |
| o. | Advertising | FA: 10 and 19.4 | Items 6, 7, 8 and 11 |
| p. | Indemnification | FA: 5.5, 18.4, 18.5, 19.3, 19.4, 22 and 32<br>REDA: 10<br>DA: 12 | Item 6 |
| q. | Franchisee's participation/ management/ staffing | FA: 4.3, 5, 13.6, 13.7, and 13.8 | Items 6, 7, 11 and 15 |
| r. | Records and reports | FA: 4.3, 10.4, 11.1, 12, and 15.3 | Item 8 |
| s. | Inspections and audits | FA: 6.6, 12.4, and 14.4 | Items 8 and 11 |
| t. | Transfer | FA: 19, 20, and 21<br>REDA: 13<br>DA: 10 | Item 17 |
| u. | Renewal | FA: 2.2 and 2.3 | Item 17 |
| v. | Post-termination obligations | FA: 16.3 and 18<br>DA: 9.3 and 11 | Item 17 |
| w. | Non-competition covenants | FA: 16<br>DA: 11 | Item 17 |
| x. | Dispute resolution | FA: 26, 29, and 30<br>REDA: 11<br>DA: 12 | Item 17 |

## ITEM 10. FINANCING

Neither we nor any of our affiliates offer, either directly or indirectly, any financing arrangements except as expressly stated below.

In limited and unique circumstances under the Build-to-Suit Program or Permanent Lease Program and for all Facilities developed under the Site First Program, PSFC may provide a limited rent guarantee in favor of your third-party landlord specifically for the purposes of renting the real property, building, and improvements for the Facility from such party, as described in Item 5.

We may refer you to a preferred lender who meets certain qualifications and has indicated an interest in providing financing to our franchisees. We do not require you to use a preferred lender and have not made any financing arrangements with them. As of the date of this Disclosure Document, we have not derived any revenue from third parties or lenders that provide real estate development or lending services to our franchisees, but in the future, we may receive referral fees or other payments from such third parties.

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

**Except as listed below, we are not required to provide you with any assistance. All section references throughout this Item 11 refer to the Franchise Agreement unless otherwise noted.**

As noted in Item 1, we have entered into a management agreement with PSFC for the provision of support and services to Primrose® franchisees. PSFC may provide the training, support, marketing, and other services described in this Item 11 to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement. Though we may delegate any of our rights or responsibilities to PSFC, we remain ultimately responsible for all of the support and services required under the Franchise Agreement.

Please note that some of the assistance provided by us to you in connection with the selection and development of your Facility will be affected by the Program under which you operate. Section 3 of the Franchise Agreement contains a significant portion of the provisions of the Franchise Agreement associated with our assistance. If you operate under the Build-to-Suit, Permanent Lease or Independent Development Programs, our assistance will vary from the description below to some extent. Your Franchise Agreement will be modified to reflect the differences in our assistance.

**Pre-Opening Assistance under Franchise Agreement**. Before you open your Facility, we, our affiliates, and/or our agents will:

1. provide ITOS (discussed in Item 5 and below) services to up to two Owners (or an Owner and other approved representative) to address the material aspects of operating a franchise as detailed in this Item 11 (Sections 5.1 and 5.2);

2. provide online access to the then-current Confidential Manuals and materials at the times and to the extent that we deem, in our discretion, to be necessary (Sections 7.1 and 7.2);

3. provide the real estate and development assistance as described in the "Our Real Estate and Development Assistance" section of this Item 11 (Section 3.3 of the Franchise Agreement and Sections 1 to 8 of the REDA);

4. provide to you our then-current specifications for brands and types of equipment, fixtures, signs, and furniture to be used in the operation of your Facility (Section 4.1);

5. provide guidelines for your grand opening advertising and promotional program (Sections 10.1 and 10.3), and plans detailing the placement of certain equipment and supplies in your Facility (Section 5.2); and

6. provide on-site and/or remote assistance before the opening of your Facility (Section 5.2). We typically provide five days of assistance to existing franchisees and six days of assistance to new franchisees, but we may increase or reduce the amount of assistance we provide in our sole discretion.

Although we are not required to do so, we may provide other supervision, assistance, or services before you open your Facility, such as assisting in obtaining financing and purchasing advertising.

**Ongoing Assistance under Franchise Agreement**. During the operation of your Facility, we will:

1. provide inspections and written evaluations of your operations at the times we determine and advise you of any concerns that we identify (Section 14.4);

2. endeavor to keep abreast of up-to-date early learning research and knowledge concerning curriculum and teaching materials. We will, based on our good faith determination of the applicability of this knowledge to franchisee operations, make such knowledge available to you and other franchisees. We may develop new or enhanced curriculum or programs and may, in our discretion, make these curriculum or programs available to you either as mandatory or as optional items (Section 14.3);

3. furnish you with such assistance in connection with the operation of the Facility as is reasonably determined to be necessary by us from time to time and, at our option offer additional consulting or support services for a reasonable fee (Section 14.4);

4. provide (i) local and regional advertising as we deem appropriate, (ii) suggested specifications, standards, operating procedures and rules for operating a Facility, (iii) other information relating to the operation of a Facility, and (iv) approved layout of select advertisements. These activities will be performed in the manner determined by us in our sole discretion (Section 14.2);

5. undertake any evaluation that we deem necessary of any previously unapproved items that you propose for use in or sale from your Facility (Section 4.2), except that any such evaluation will not include any determination as to whether the items comply with applicable federal or state laws and regulations, which shall remain your sole responsibility;

6. review any proposals to alter the improvements of the Facility, make material replacements of, or alterations to, the equipment, fixtures, furniture, or signs of the Facility, or expand the Facility (Section 3.14);

7. maintain and administer the Brand Fund (Section 10.2);

8. review all promotional materials and advertising to be used by you and any marketing plans (Sections 10.1 and 10.4); and

9. provide training to your Directors, optional administrative training for your management staff, and additional training programs as described below (Sections 5.4 and 5.6).

**Advertising**. We have established, and you are required to contribute the Brand Fund Fee to, the Brand Fund, which is a fund intended to help support marketing, promotional, and brand-building activities for the Primrose® brand. If we or our affiliates own any Facilities, such Facilities will contribute to the Brand Fund at the same rate as franchised Facilities. We and our affiliates direct all advertising programs that are financed with Brand Fund contributions and have sole discretion over the creative concepts, materials, and media used in those programs, and the placement and allocation of advertising.

Amounts contributed to the Brand Fund are used to meet any and all costs of brand/consumer research and costs of maintaining, administering, directing and preparing advertising, including, without limitation, the cost of preparing and conducting Internet, television, radio, digital, social media, and print advertising campaigns and other public relations activities; employing advertising and public relations firms to assist therein; contracting with outside brand marketing consultants to assist in strategy development, research, and general marketing advice on system-wide marketing projects; producing promotional brochures and other marketing materials for franchisees; reviewing potential new products, materials, services and projects for the System; and other activities that are directly or indirectly designed to promote the brand, its franchisees, and/or increase System enrollment, including clientele response programs, mystery shop programs, incentive programs, teacher recruitment programs, and sponsorship of goodwill activities. The Brand Fund may also be used to defray our or our affiliates' reasonable administrative costs and overhead incurred in activities reasonably related to the administration or direction of the Brand Fund and advertising programs, including, without limitation, supporting Cooperatives, conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Brand Fund. In the year ending December 31, 2024, the Brand Fund received contributions of $27,904,897, which were added to amounts carried forward from 2023 Brand Fund Contributions. In the 2024 fiscal year, approximately 49.1% of the funds expended by the Brand Fund were spent on paid media, public relations, and website development, 26.6% were spent on Brand Fund administration, 10.7% were spent on agency fees, 8.0% were spent on research and development, 3.8% were spent on creative/marketing development, and 1.8% were spent on marketing operations/digital tools (including support for Advisory Council (as defined below) meetings and marketing-related portions of the National Conference, social media publishing and monitoring tools, search engine optimization tools, and other Brand Fund support).

Unaudited financial statements of the Brand Fund are available to franchisees upon request, but franchisees do not receive any other periodic accounting of how contributions to the Brand Fund are spent. If all funds contributed to the Brand Fund during any year are not spent during that year, the remaining funds are spent in subsequent years.

We or our affiliates are reimbursed by the Brand Fund for costs and expenses incurred by us or our affiliates on behalf of the Brand Fund. We or our affiliates have no obligation to spend any amount on advertising in the area or territory in which your franchise is located. No contributions to the Brand Fund are spent on advertising that is principally a solicitation for the sale of Franchises.

Advertising materials produced with Brand Fund contributions are developed by us, our affiliates, and by advertising agencies retained by us or our affiliates to assist in advertising and promotion. The coverage of media used in advertising financed by the Brand Fund may be local, regional, or national in scope.

We and our affiliates may consult the Primrose® Advisory Council (the "**Advisory Council**") and/or the Advisory Council's Marketing Committee which consist of members selected by franchisees and us, when developing advertising campaigns. The Advisory Council acts in an advisory capacity only and does not have operational or decision-making power. If the Advisory Council deems necessary, it may, with our or our affiliates' approval, form committees on an ad hoc basis to address specific issues or objectives and to offer advice to us and our affiliates. We and our affiliates may form, change, dissolve, and reform the Advisory Council, in our discretion.

We may designate a local, regional, or national "advertising coverage area" in which your Facility and at least one other Facility is located for the purpose of developing a Cooperative to pool resources for advertising or other common purposes. An "**advertising coverage area**" shall be designated in our discretion, including based on, without limitation, the particular Designated Market Area or Metropolitan Statistical Area (as those terms are used in the advertising industry) in which the Facility is located, or the area covered by the particular advertising medium (television, radio or other medium) as recognized in the industry. We and our affiliates have the power, in our or their sole discretion, to require Cooperatives to be formed, changed, dissolved, or merged.

You will be required to participate in and contribute to any Cooperative designated in your coverage area and to abide by the bylaws, rules, and regulations duly required by the Cooperative, which we have the right to mandate or approve. The costs of the program will be allocated among franchisees in the coverage area, and each franchisee's share of the costs will be in proportion to its respective Gross Revenues. However, the aggregate of all contributions to the Cooperative by any franchisee in any month (or any other designated period) will not exceed 1% of that franchisee's Gross Revenues during the previous month (or any other designated period), unless a 2/3 majority of the members of the Cooperative represented at a meeting with a quorum (a quorum exists if 50% of all members with schools currently open in the advertising coverage area attending a meeting) vote to increase the contribution (up to a maximum of 2% of a franchisee's Gross Revenues). There currently is no requirement that any Cooperative prepare annual or periodic financial statements or to disclose any financial or other information to its members. Currently, we administer the Cooperatives, collect contributions on behalf of the Cooperatives, and distribute expenditures on behalf of the Cooperatives.

Any advertising and promotional materials that you intend to use must be submitted to us or our designated agency for approval and such materials must be submitted with the appropriate forms specified by us. You may not conduct any promotional campaign or use any vendors without receiving our prior written approval, and we may withhold approval if we believe that the promotion or advertising does not fit within our brand image or promotional concept for the System or would be damaging to the System or our or our affiliates' reputation. We must approve all of these materials, therefore, if written approval of any advertising and promotional material and vendor is not given by us within 30 days from the date we receive it, the materials and vendor will be deemed disapproved.

You must spend the Minimum Grand Opening Amount that we specify after the Site has been selected (ranging from $40,000 to $100,000 for New Facilities and $15,000 to $100,000 for Conversion Facilities) for grand opening advertising, including advertising and promotional activities that you will conduct in the period from six months before to 12 months after the Opening Date (or within the period 12 months after the Opening Date for Conversion Facilities that were in operation prior to the conversion). We will consider factors, including media costs in your market, size of your market, the capacity of your Facility, your experience, other child care centers in the surrounding area, and, for Conversion Facilities, whether the Facility had been closed prior to the conversion in determining the Minimum Grand Opening Amount for your Facility. The grand

opening advertising will be conducted primarily through digital platforms and other media, public relations, direct mail advertising, and marketing and promotional items. You must submit to us a detailed written plan for your grand opening advertising program, which we may require you to change. You also must participate in calls, meetings, and/or activities that we require related to grand opening advertising. You will not be able to conduct any grand opening advertising until you have received our written approval of your proposed grand opening advertising program.

We may require you to deposit up to the full Minimum Grand Opening Amount with us to spend such money on your behalf. If we spend such funds on your behalf, you will hold us harmless for such advertising expenditures.

We may delay your Opening Date if you have not obtained written approval of your proposed grand opening advertising at least 30 days prior to the scheduled opening, if you do not timely provide the funds to us if we so require, and/or if you have failed to attend or participate in required calls, meetings, and other activities. If you fail to conduct your grand opening advertising according to the program we approve, we may require you to spend money on additional advertising after the grand opening of the Facility or to pay us such monies for us to spend on your behalf, as specified by us in our sole discretion**.**

By the deadlines and in a form that we specify, you must provide us with a written plan, in a form approved by us, for your projected local marketing, advertising and promotion expenditures for the next calendar year and such other periods that we may specify. We may, in our sole discretion, require you to change your proposed plan, and you must comply with such changes.

During each month, you will be required to spend on Approved Local Advertising, an amount equal to the greater of 1% of your Gross Revenues for the preceding month or $1,000. Your contributions to a Cooperative do not count towards this local marketing requirement. If you fail to do so, we may spend such monies on your behalf and you must reimburse us for such expenditures with interest.

**Technology System**. We provide specifications for, and require you to purchase, computer and communication systems to be located in the office and classrooms of your Facility. Currently, you must purchase two computers and at least three flat panel monitors and various software applications or services that we prescribe for your office. In addition, you must purchase the required number of computers, mobile devices, and other hardware devices for use in your classrooms. We estimate that your classroom and office computer systems will cost approximately $20,000 to $35,000 to purchase, depending on the size of your Facility and the type of computers and devices that you purchase.

We may require you to obtain and/or install certain Software or subscriptions for security, device management, and operational needs from our designated or approved vendors. We currently require you to purchase a license for school management software that includes features and capabilities such as parent communications and classroom management, as well as licenses for two student assessment tools. We may also require you to purchase CRM software and guest satisfaction software. The software subscription(s) currently cost between $450 and $550 per month.

We may modify, remove, or add to the items that you are required to acquire and maintain as part of your computer systems and Software. The Franchise Agreement does not limit the cost or frequency of this requirement. You must adopt all such modifications and incorporate them into your computer system. Modifications and changes to the Software must be incorporated within 30 days after notice from us.

You must input data that we specify into the Software that we specify, transmit data that we specify to us or the cloud in the form and at the times and using the methods specified in the Confidential Manuals, and give us unrestricted access to your computer system at all times. Though we currently do not independently access information or data on your local computer systems, there are no contractual limitations on our unrestricted right to access and download all information and data that you input into or store in your computer system, the Software, or the cloud at any time.

You must ensure that your computer system, including your computer network, is compliant with all standards, laws, rules, regulations or any equivalent that are related to electronic payments, data privacy, personally identifiable information, protected health information, and data protection. To that end, we may require you to use vendors that we approve or designate to maintain specific security measures on your computer system and provide related security services. We also may require you to use our approved or designated vendors to conduct periodic security audits to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected.

We are not obligated to assist you in obtaining any computer hardware or software other than the Software or to provide ongoing maintenance, repairs, updates, or upgrades relating to your computer system or any software. We estimate that the cost of maintenance, repairs, support service and upgrades will be approximately $6,000 to $13,000 per year, but this will vary from year to year and you will need to contact a vendor to determine the scope of the services they offer and the actual cost of those services.

We may require you to (a) use vendors approved or designated by us to provide data security services that are consistent with our privacy policies or data protection and breach response policies; (b) maintain specific security measures; (c) provide evidence of compliance with our requirements upon our request; and/or (d) use vendors approved or designated by us to conduct security audits at the times we require to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide us with copies of any audits, scanning results, or related documentation relating to such compliance or audits. You are responsible for complying with all federal and state laws that regulate data security and privacy (including, but not limited to, the use, storage, transmission, and disposal of data regardless of media type).

If you suspect or know of a security or data breach, you must at your expense, in accordance with our privacy policies, applicable laws, and any of our directives, (i) immediately give us notice of such security breach and cooperate with any inquiry we may initiate; (ii) promptly identify and remediate the source of any compromise or security breach; (iii) comply with all applicable data breach notification laws; (iv) provide all required notices of breach or compromise to impacted individuals; (v) procure credit history monitoring services for impacted individuals; (vi) pay any related damages or fines; and (vii) keep us apprised of all such efforts to resolve the issue and resulting damages. Regardless of any actions we may take in response to such a breach, unless we specify otherwise, you assume, at your expense, all responsibility for addressing and resolving any security or data breaches relating to the Facility or customers of the Facility.

**Other Services**. Although we are not required to do so, we may periodically provide other supervision, assistance, or services during the operation of the Facility, such as:

- If you request specific on-site assistance in addition to the routine assistance provided to you, and we deem it necessary, we will provide the assistance of a field representative at our then-current daily rate, plus expenses. Scheduling of additional assistance will be at reasonable times, subject to availability. (Section 5.7)

- We may periodically revise and update the Confidential Manuals to convey advancements and new developments in specifications, standards, services, and operating procedures. (Section 7.1)

- We may, as we deem advisable, advise or offer guidance on prices for child care services that, in our judgment, constitute good business practice. You are not obligated to accept this advice or guidance and have the sole right to determine the prices to be charged by your Facility. You must follow the specific billing procedures outlined in the Confidential Manuals. (Section 14.1)

- We may furnish assistance in operating your Facility as we reasonably determine to be necessary. (Section 14.4)

**Manuals**. Attached as **Exhibit F** to the Disclosure Document is the table of contents for the Confidential Manuals as of the date of this Disclosure Document. The Confidential Manuals currently includes approximately 4,900 pages, in addition to various curriculum and education-related materials.

**Our Real Estate and Development Assistance (Except Under the Site First Program)**. The real estate and development services that we will provide will vary based on the Program under which you will develop the Facility. We will provide the following services under the Programs that we specify (not including the Site First Program) (these services are described in the REDA or Section 3 of the applicable Program's Franchise Agreement addendum):

1. Site Selection Services.

   a. Under the Real Estate Development Program and Permanent Lease Program, we will identify and propose to you (by preparing a Site Location Analysis) a site for the Facility that meets our criteria. If you accept the site, it will be added to the Franchise Agreement as the site for the Facility. A "**Site Location Analysis**" is a document that will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located.

   b. Under the Independent Development Program and Build-to-Suit Programs, you will identify and propose to us (by preparing a Site Location Analysis) a site for the Facility. We will review your proposed site solely to determine if it meets our criteria and may accept or reject it in our sole discretion. The factors we may consider in determining whether to accept a site include, but are not limited to, the proximity of other Facilities, proximity of other child care centers, location of elementary schools in the area, population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of

children, workplace population, family data and household ownership. If we accept the site, it will be added to the Franchise Agreement as the site for your Facility.

2. Site Acquisition Services.

   a. Under the Real Estate Development Program, if you accept the site we propose, we or our affiliates will attempt to sign a purchase agreement for the real property for the Facility and, if successful, will assign such purchase agreement to your Real Estate Affiliate at the real property closing without any representations or warranties with regard to the purchase agreement, the lease or the site. If we identify a leased site, you will also sign the Amendment to Franchise Agreement (Permanent Lease Program) that is attached as Exhibit E to the Franchise Agreement and be responsible for negotiating the lease with such landlord.

   b. Under all other Programs, we will review any lease of your Facility and any purchase contract, loan, mortgage or other documents related to any purchase or financing of your Facility solely for the purpose of determining whether such agreement complies with the terms of our agreements with you. You must reimburse us for any costs and expenses we incur, such as legal fees, in reviewing such documents.

3. Site Development Services.

   a. Under the Real Estate Development Program, if the site is being purchased, we will obtain a Phase I Environmental Report, soil report, and title commitment; assist architects or engineers in securing permits; provide any lender with requested information to facilitate the appraisal of the Facility on the site; assist in facilitating the real property closing; and provide assistance in obtaining the certificate of occupancy for the Facility. If the site is being leased under the Permanent Lease Program, we will provide assistance in securing permits and the certificate of occupancy for the Facility.

   b. Under all other Programs, we will not provide site development services.

4. Site Design and Construction Services.

   a. Plans. Under all Programs, we will provide you with basic architectural plans and specifications (not for construction) for a Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs, and decorating). If you modify our standard plans (which is only permissible to comply with applicable laws and the specific needs of the site), we (or the National Architects) will review and approve or disapprove the modified plans, which must receive our approval before you begin construction.

   b. Architects. Under the Real Estate Development Program and Permanent Lease Program, we may require you to (i) enter into an agreement acceptable to us with the National Architects to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume our contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case you must reimburse us for any fees that we incurred related to the contract.

c. Construction Manager. Under all Programs (except the Independent Development Program and, if the Developer is the construction manager, the Build-to-Suit Program), we have the right to designate a construction manager (which may be us, our affiliate, or a third party) or accept in writing or reject your proposed construction manager. You must, at our option, (i) enter into an agreement that is acceptable to us with the accepted or designated construction manager or (ii) assume our contract with such construction manager and all financial and other obligations under such agreement relating to the accepted site, in which case you must reimburse us for any fees that we or our affiliates incurred related to the contract. If we designate us or our affiliate as the construction manager, you must pay our or their then-current fee for such construction management services, which we currently estimate will be $37,500, unless you request additional services beyond the standard service offering. The fee may change from time to time.

d. Review General Contractor. Under all Programs, we will accept in writing or reject your proposed general contractor to complete the build-out of the Facility.

e. Signage Specifications. Under all Programs, you must purchase and install signage for the Facility that meets our specifications, which we will specify from time to time. We may require you to purchase all signage from approved vendors or a single source that we designate from time to time.

f. Inspect Facility. Under all Programs, we (or our designee) may, in our sole discretion, inspect the Facility from time to time prior to its opening to determine whether such Facility is compliant with the approved plans, our standards, and the Franchise Agreement.

Except as provided above, we have no other responsibilities with respect to any improvements constructed at your approved Site. In relation to these services, you and/or your Real Estate Affiliate will be responsible for paying us the fees and expenses described in Item 5.

**Our Real Estate and Development Assistance Under the Site First Program**. Under the Site First Program, we will provide certain real estate services directly to the Approved Developer, including evaluating and accepting or rejecting sites in the Development Area, providing the Approved Developer with standards and specifications and prototype designs for Facilities, reviewing the Approved Developer's plans solely to confirm that they are compliant with such standards and specifications, reviewing the Approved Developer's proposed construction schedule, and inspecting the Facility solely to confirm that it is compliant with such standards and specifications. For each site that we authorize an Approved Developer to develop, we will prepare a Site Location Analysis.

If a site for the Facility has not yet been specified when you sign the Franchise Agreement, you will be added to a queue of franchisees that have entered into franchise agreements to develop Facilities under the Site First Program within the same Development Area. When we have authorized an Approved Developer to acquire and begin developing a site, we will present the Site Location Analysis for such site to the first franchisee in the queue. Such franchisee shall have two weeks after receiving the Site Location Analysis to accept the proposed Facility in writing. If such franchisee declines the opportunity, (i) we will present the Site Location Analysis to the next franchisee in the queue, and the offer process will continue until a franchisee accepts the site in writing, and (ii) such original franchisee that declined the site will be first in the queue to be presented the next site (unless we terminate the Franchise Agreement, which we may do if such franchisee rejects two or more sites). If you accept a site, you must then assume the Site First

Lease and execute any other related agreements. The Site First Lease will govern your relationship with the Approved Developer, including any maintenance or warranty obligations that the Approved Developer may assume.

Our assistance and inspections related to a Facility developed under the Site First Program are limited to confirming whether the Facility is compliant with our brand standards and specifications.

**Start-Up Time**. The typical length of time between the execution of your Franchise Agreement and the opening of your Facility is approximately 20 to 36 months from signing the Franchise Agreement. Under the Site First Program, the typical length of time between the execution of your Franchise Agreement and the opening of your Facility is expected to range from 6 months (if the Facility is already constructed) to 36 months (if the site has not yet been identified) from signing the Franchise Agreement Factors affecting this length of time may include: availability of and opportunities to select a site, contract negotiations, leasing and financing arrangements, the completion of required training, constructing the Facility according to our specifications, making leasehold improvements, making décor and furnishing modifications, meeting local zoning or other ordinances or community requirements, delivery of equipment and signs, and similar factors. You must obtain our approval prior to opening the Facility. If we and you (or your affiliate) are parties to a Development Agreement, the Development Agreement will include negotiated opening deadlines for each Facility.

Except under the Site First Program, we may terminate your Franchise Agreement if we have not accepted a site at a point in time that would enable the Facility to begin operations no later than 20 months after the signing of the Franchise Agreement (if a site is identified but not approved prior to signing of the Franchise Agreement) or within 36 months after the signing of the Franchise Agreement (if a site is not identified prior to signing the Franchise Agreement). Under the Site First Program, we may terminate your Franchise Agreement if you fail to begin operating the Facility by 90 days after the later of (i) the date that the Approved Developer allows you to take possession of the Facility or (ii) the date that the Site First Lease is assigned to you. Under the Independent Development Program, we may terminate your Franchise Agreement if you fail to commence construction at the site by the earlier of (a) 24 months after the effective date of the Franchise Agreement or (b) 12 months after the date that the site is accepted by us. Under all Programs, we may terminate your Franchise Agreement if we, in our sole discretion, determine that you are unable to proceed for any reason with the development of a site that you have selected and that has been approved, including due to your inability to obtain financing for the development of the Facility or due to the death of an Owner. See Item 5 for a description of the fees that may be refunded in case of such termination.

**Initial Training and Opening Support Services**. We will provide the ITOS services, including our Initial Training for your On-Site Owner and one additional Owner or other representative designated or approved by us and additional support services that we deem necessary for and during the opening of your Facility. We require your Multi-School Managers, and may require or permit additional Owners or your Directors, to attend Initial Training for an additional fee, which is currently $3,500 per each additional attendee over the first two attendees but may be increased in any calendar year by up to 25% of the then-current fee.

Currently, we conduct Initial Training several times throughout the year at the times we determine necessary. Initial Training typically includes (i) one day of remote orientation within one to two months of signing the Franchise Agreement, which is referred to as New Franchise Owner Orientation; (ii) a self-guided exploratory study of the early childhood education industry which

includes online courses, reading assignments, and other activities; (iii) three days of training at our headquarters, at another location that we designate, or via remote training, which is referred to as School Training; (iv) three days of on-site training conducted at an approved training Facility in your market or another Facility we designate; and (v) two to three days of additional, remote training within twelve months of the school opening or transferring, which is referred to as School Excellence Training. The aforementioned training components may take up to 10 business days. We may, in our sole discretion, provide all or parts of Initial Training online via self-paced courses, webinars, videoconferences, and reading assignments.

Unless we specify otherwise, your On-Site Owner and any other Owners, Directors, or Multi-School Managers that we designate must attend and successfully complete all pre-opening components of Initial Training to our satisfaction at least 16 weeks prior to opening your Facility (or at any time prior to purchasing an existing Facility from a transferring franchisee) and School Excellence Training within 12 months after the opening or transfer of the Facility. If a Facility is already operating, each Multi-School Manager must successfully complete Initial Training within 30 days of assuming such position.

We will also require your Director to complete a training class (the "**Director Class**"), which is conducted at our headquarters or online several times throughout the year at the times we determine necessary, during the first 12 months of employment with you. For existing Facilities, the Director must attend within six months of the effective date of the transfer (if you acquire the Facility from an existing transferring franchisee) or effective date of being hired (if the Director is new to your organization). The fee for this training for one Director is included in the Initial Training Fee, provided that a Director attends within the first 12 months of opening in the case of a new Facility or within six months after the effective date of the transfer for an existing Facility. You will be required to pay our fee for the Director Class for any trainee that attends after such time period and for any additional Director who attends if more than one attend within such time period. The Director Class may be offered online or in person at our headquarters in Atlanta, Georgia or another location we designate. Currently, the Director Class costs $419 per attendee if online and $1,024 to $1,260 per attendee if in person (depending on when you register), plus tax, but we may increase the fee in any calendar year by up to 25% of the then-current fee.

The following table identifies the topics covered in Initial Training (not including the self-guided exploratory study of the early childhood education industry, which is in addition to what is listed below). The actual number of hours spent on each subject during on-the-job training will vary.

**TRAINING PROGRAM**

| Subject | Hours of Classroom/ eLearning/ Remote Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| **Business Management**<br>Franchise Owner Leadership (Includes Culture, Vision, Mission Values, and Principles of Service) | 12 | 3 | Online and/or Atlanta, Georgia and/or on-site in a designated approved training school |
| Franchisor and Franchise Owner Relationship and Responsibilities | 6 | 2 | |

| Subject | Hours of Classroom/ eLearning/ Remote Training | Hours of On-the-Job Training | Location |
|---|---|---|---|
| • Business and Financial (Includes cost control)<br>• Staffing and Enrollment Strategies<br>• Financial and Accounting Compliance | 12 | 4 | |
| Recruitment Marketing | 10 | 2 | |
| Professional Development<br>• Continual Learning Plans and Guides by program<br>• Introduction to Primrose Schools<br>• Issues Management<br>• Health & Safety<br>• Classroom Policies & Procedures<br>• Leadership Team Policies & Procedures | 20 | 3 | |
| Parent Relations | 4 | 2 | |
| IT and Administrative | 2 | 0 | |
| **Education**<br>• Balanced Approach to the Primrose Classroom<br>• Balanced Learning Curriculum<br>• Quality Assurance and Accreditation<br>• Cognia Accreditation | 30 | 4 | |
| **Campus Environment** | 4 | 2 | |
| **Marketing & Communication**<br>Brand Marketing Strategy | 2 | 0 | |
| Internal School Marketing<br>• Prospect to Parent<br>• Branded Collateral<br>• School Website | 7 | 1 | |
| Community Marketing, Grass Roots, and Public Relations | 9 | 1 | |
| Co-op and National | 1 | 0 | |
| **TOTAL** | **119** | **24** | |

The instructional materials used in Initial Training, the Director Class, and other training programs we may conduct include the Confidential Manuals, the Software, checklists, and other classroom training manuals produced by us. All training will be overseen by Laura Varnell, Director of School Training of PSFC. Ms. Varnell has approximately 20 years of experience in early childhood education and holds a master's degree in adult education and training. Ms. Varnell served as a School Business Consultant for PSFC from 2015 to 2022 and has led our Initial Training since April 2022. Other executives described in Item 2 will participate in portions of Initial Training.

As part of our ITOS, we will provide pre-opening, opening, and post-opening support that includes ongoing support from our Information Technology and accounting teams; grand opening support and attendance; and operations, marketing, and education support. The ITOS is

completed in phases beginning at the signing of your Franchise Agreement and continuing after opening according to the support plan.

If you purchase an existing Facility, in addition to the above training and support, we will also provide on-site support at your Facility, which may be provided in-person or via teleconference or videoconference, for two to three business days following the purchase of the existing school as needed. We provide additional support and training for the first 90 days following the purchase based on our assessment of needs at the time.

**Training of Employees**. You are responsible for training all of your employees and for ensuring that your employees are continuously adequately trained to perform their services in connection with the operation of the Facility. We will assist with initial training of your Director and staff using a "train the trainer" approach the week before you open your school. Prior to such training, you will provide time for staff to take the designated Primrose online training courses, which may include courses required for all roles and courses required for specific roles.

If we determine that you are unable to provide such employee training, we may, in our sole discretion, provide training to new and/or previously trained employees, including the Director Class, and you will be required to pay us the Additional Training Fee. Training by us will be at reasonable times and subject to availability of our representatives. Generally, training of your staff will be held at your Facility (other than the Director Class), but we could hold training at another site or facility designated by us.

**Additional Training and National Conference**. From time to time, we may, in our sole discretion, provide and may require one or more of your Owners, Directors, or other employees, to attend the National Conference and to attend and successfully complete additional training programs, seminars, or workshops (collectively, with the National Conference, "**Additional Programs**"), which may be conducted at the times and the locations that we designate. We may require you to pay a registration fee for each attendee to attend Additional Programs. For required attendees, you must pay the on-site registration fee whether or not such individual actually attends the Additional Programs. We will not require an Owner, Director, or your other employees to attend more than two Additional Programs or more than ten business days of Additional Programs in any calendar year.

**Expenses during Training**. You must bear all costs and expenses incurred by you or your trainees in attending any training, workshops, or seminars, including, among others, each of your trainees' wages and travel and living expenses.

## ITEM 12. TERRITORY

**Development Area**

When you sign your Franchise Agreement, you will be assigned a Development Area (to be described on Exhibit A.2 to the Franchise Agreement) within which your Facility must be located. There is no minimum size for a Development Area. We use the services of a third-party demographics and mapping system in analyzing and establishing the general characteristics of existing franchise territories to assist in the determination of the Development Area for your Franchise. These characteristics may include population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of children, workplace population, family data, and household ownership. We also may use the following in determining the boundaries of the Development Area: major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas,

the density of residential and business entities, trading patterns and traffic flows, and other factors that we deem relevant in our reasonable discretion. Under the Site First Program, your Development Area will typically be an entire metropolitan market, unless the site has already been identified when you sign the Franchise Agreement.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, under all Programs other than the Site First Program, until the earlier of the second anniversary of the date you signed the Franchise Agreement (the "**Second Anniversary**") or the Opening Date, (a) we and our affiliates will not establish, or license others to establish, other Facilities (other than Primrose on Premise locations) in the Development Area, and (b) we will not have the right to unilaterally modify the Development Area, as long as you are in compliance with the Franchise Agreement. If we offer you the opportunity to acquire a Conversion Site and you reject it, we will offer you the choice of modifying your Development Area or terminating the Franchise Agreement, in which case you will receive a full refund of the Initial Fee and Real Estate Fee Deposit.

Beginning on the earlier of the Second Anniversary or the Opening Date, (i) you will have no exclusive or protected rights with respect to the Development Area, (ii) we may change the boundaries of your Development Area for any reason at any time, and/or (iii) we or our affiliates may establish, or license others to establish, other Facilities in the Development Area. Once your Facility opens, the Development Area shall cease to exist.

Under the Site First Program, you will not have any exclusive or protected rights in the Development Area. Multiple franchisees may be in the same queue to develop Facilities in your Development Area, as described in Item 11.

**Designated Area**

Between the second anniversary of the Opening Date and the date that is six months after the second anniversary of the Opening Date, you may request in writing that we designate a Designated Area for your Franchise. Within 90 days of receiving your request, we will determine, in our sole discretion, the boundaries of the Designated Area, which we shall set forth in Exhibit A.4 to the Franchise Agreement or otherwise in writing. Your Facility will be located in the Designated Area, but there is no minimum Designated Area. The "Designated Area" will not include any existing or potential Primrose on Premise locations that are located within the boundaries of the area that we specify as the Designated Area.

If you do not make a timely written request for the designation of a Designated Area, we will not be obligated to establish a Designated Area. However, we may, in our sole discretion, designate a Designated Area (even if you do not request one) at any time after the earlier of (a) the second anniversary of the Facility's Opening Date or (b) the date on which the Facility achieves an actual enrollment of at least 75% of its actual capacity on a full-time-equivalency basis at such Facility as determined by us.

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. If we do designate a Designated Area, as long as you are in full compliance with the Franchise Agreement, we and our affiliates will not operate, or grant any other person the right to operate, another Facility (other than Primrose on Premise locations) within the Designated Area, subject to our right to modify the Designated Area as described below.

Your right to operate within your Designated Area is not conditioned upon any sales quotas or the opening of additional Facilities. However, we can adjust the Designated Area (i) at any time, if in our sole discretion, the population and demographics of the Designated Area change to enable the Designated Area, or any portion of it, to support another Facility or (ii) if upon your execution of a successor Franchise Agreement or completion of certain transfers, if the Designated Area does not comply with our then-current standards for designating new territories. We will notify you in advance of any adjustment to your Designated Area. The notice will include a description of your new Designated Area.

If we modify your Designated Area and create another area which we determine can support another Facility at any time other than when you enter into a successor term, we will offer you the option to purchase a new franchise to operate a Facility that we propose to service all or any portion of the newly created area, provided you satisfy our then-current qualifications for new franchisees and have fully complied with the Franchise Agreement. If you elect to exercise the option to operate the new Facility, you must sign our then-current Franchise Agreement for such new franchise within 30 days after we notify you of the adjustment to your Designated Area. If you do not do so, we may then open or grant franchises for Facilities within the portion of the original Designated Area that is not included in your adjusted Designated Area.

**Reserved Rights**

Other than the limited protected rights granted in the Development Area and Designated Area (if any), we and our affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Facility. For example, without limitation:

(a) Until the Second Anniversary, we or our affiliates will have the right to operate, or license any other party to operate, a Facility anywhere outside of the Development Area (and, for the Site First Program, inside the Development Area too). For the avoidance of doubt, after the Second Anniversary until a Designated Area is designated, we or our affiliates will have the right to operate, or license any other party to operate, a Facility anywhere, including inside and outside of the Development Area.

(b) After the Designated Area has been designated, we or our affiliates will have the right to operate, or license any other party to operate, a Facility anywhere outside of the Designated Area.

(c) We or our affiliates may establish, or license any other party to establish, other franchises or company-owned outlets selling or offering services similar to those provided in a Facility under a trademark or service mark different than the Marks anywhere, including in the Development Area or Designated Area.

(d) We or our affiliates may establish, or license any other party to establish, Primrose on Premise locations anywhere, including in the Development Area or Designated Area.

(e) We, our affiliates, our franchisees, or our designees may advertise or promote any Facilities or any goods or services identified by the Marks anywhere by any means, including in the Development Area or Designated Area.

(f) We or our affiliates may, or may license any other party to, advertise, promote, market, or sell goods or services identified by the Marks that are similar to those provided in a Facility anywhere, including in the Development Area or Designated Area, via any

other channels of distribution, including, without limitation, the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

You will not have any marketing or advertising protection or exclusivity in the Development Area or Designated Area and other franchisees may market or advertise in the Development Area or Designated Area. We and our affiliates are not required to compensate you for soliciting, selling products or services to, or enrolling individuals who reside inside of your Development Area or Designated Area. Except as disclosed in this Item, the Development Area and the Designated Area are not exclusive or protected areas for your Facility.

**Relocation of the Facility**

You may not relocate your franchise without our consent, which we may not unreasonably withhold. In granting such consent, we will consider factors including whether the lease for the site of your Facility has expired or terminated without fault on your part; if the site has been destroyed, condemned or rendered unusable; changes in the character of the location of your Facility sufficiently detrimental to your business potential to warrant a relocation; the location of other and future facilities and other factors deemed relevant by us in our reasonable discretion. Under the Site First Program, we may require you to (i) relocate the Facility to another site owned and developed by your existing Approved Developer and to enter into a new Site First Lease with the Approved Developer for such site or (ii) develop a new Facility using a different Program and execute an addendum to the Franchise Agreement or a REDA for such Program.

Any such relocation will be at your cost and expense. You will incur similar development costs and expenses to those you incur developing your original Facility. If we, your Real Estate Affiliate, or you are unable to identify, secure, or develop a site acceptable to us in the Designated Area (if one has been established or in a new Development Area that we will designate upon your request to relocate), we will not be obligated to accept a proposed site or relocation and may terminate the Franchise Agreement without any liability to you, except as specified in Item 5.

**Development Agreement**

**Target Area.** If you sign a Development Agreement, before signing it, we will designate a Target Area in which you must locate the Facilities. The Target Area typically is a city, cities, counties, or specific zip codes and will be narratively described in the Development Agreement, which will exclude any Development Areas or Designated Areas granted to other franchisees (before or after signing the Development Agreement) and any actual or potential Primrose on Premise locations. We base the Target Area's size primarily on demographics, distinct market areas within the Target Area, competitive businesses, and site availability.

We will determine the development deadlines that you must satisfy for each Facility that you commit to develop in order to maintain your development rights. We and you will complete the Development Schedule in the Development Agreement before signing it. Each site you propose for a Facility to be developed under the Development Agreement must be acceptable to us. We have the right to terminate the Development Agreement if you do not satisfy your development obligations. You may not develop or operate Facilities outside the Target Area, unless otherwise agreed by us.

**No Exclusive Rights.** You will not receive an exclusive territory under the Development Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

**Proposing Locations**. We and you may propose locations within the Target Area. If you identify a prospective location, you must, prior to entering into any binding agreement to acquire such prospective location, (i) provide us with written notice and all of the information that we require about such location and (ii) obtain our written acceptance for such location.

If we identify any prospective locations in the Target Area and you (and your Affiliated Entities, as applicable) are fully complying with your (and their) obligations under the Development Agreement and any franchise agreements between us and you (and your Affiliated Entities, as applicable), we will offer you a right of first refusal to develop and operate such locations. We will provide you with a preliminary summary outlining basic information about the proposed site and a site support letter (the "**SSL**") requesting your approval for us to move forward with a more in-depth review of the site. In addition, if it is a Conversion Facility, we may disclose to you additional information about the site. You must notify us within 10 days of your receipt of the SSL whether you would like us to move forward with the site. Such further evaluation and review of the site by us will include, as appropriate, the preparation of a Site Location Analysis.

You must provide us with written notice of whether you intend to exercise your right of first refusal within 10 days of your receipt of the SSL and again within 10 days of your receipt of the Site Location Analysis. If you do not provide both written notices by the applicable deadlines, you will be deemed to have declined your right of first refusal. If you intend to acquire a Conversion Facility, we may require you to (a) negotiate the purchase with the seller and acquire the Facility within 180 days after your receipt of the SSL or (b) if we have negotiated a letter of intent, commit in writing to enter into a purchase agreement with the seller in accordance with the letter of intent.

For all Facilities, you must execute a Franchise Agreement, REDA (or other Program addendum), and other ancillary documents within 21 days after receiving such documents from us or, if acquiring a Conversion Facility, in conjunction with acquiring such Facility. If you do not timely give notice of your intent to exercise your right of first refusal, acquire the location (if a Conversion Facility), and execute the Franchise Agreement and related agreements, we may acquire, develop, and operate, or permit another party to acquire, develop, and operate, such locations as Facilities in the Target Area.

Other than the right of first refusal, there are no other restrictions on our and our affiliates' activities in the Target Area during the term of the Development Agreement. We and our affiliates reserve all rights with respect to the Target Area, including the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Facilities or your ability to fulfill your development obligations

If any event of default occurs under the Development Agreement, we may, at our option and in our discretion, terminate the Development Agreement or your right of first refusal, effective immediately upon receipt of our written notice to you. We may not otherwise modify the Target Area.

**Other Businesses**

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1

describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Currently, the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

## ITEM 13. TRADEMARKS

The principal marks that you will use in the operation of your Facility are the "Primrose Schools®" and "Primrose®" marks. We may also periodically authorize you to use other marks that we adopt. Your Facility will be identified by the marks "Primrose Schools®" and "Primrose®" and the location of the Facility, specifically "Primrose School of/at [town or other location]." You must identify your Facility as a Primrose® franchise that is independently licensed and operated, and you must, upon our request, prominently display a notice which states "Franchises Available" in a location we determine.

We have registered the following Marks, among others, on the Principal Register of the United States Patent and Trademark Office ("**USPTO**"):

| Mark | Registration Number | Registration Date |
|---|---|---|
| | 1,844,809 | July 12, 1994 |
| PRIMROSE | 1,937,949 | November 28, 1995 |
| THE LEADER IN EARLY EDUCATION AND CARE | 4,721,813 | April 14, 2015 |
| PRIMROSE ON PREMISE | 5,597,311 | October 30, 2018 |

All required renewals and affidavits of use have been filed for these Marks (if required to be filed as of the date of this Disclosure Document).

There are no presently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the Trademark Administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation, involving our principal marks.

You must promptly notify us if any other person, firm or entity attempts to use any of the Marks or any colorable imitation of any of the Marks. You must notify us of any action, claim or demand against you relating to any of the Marks, and we will have the sole right to defend the action, claim or demand. We will have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and will exercise this right in our sole discretion. You must cooperate with us and sign any documents and take all actions as our counsel requires to carry out defense or prosecution of any litigation relating to the Marks or components of the System. You and we must make every effort to protect, maintain and promote the name "PRIMROSE" and its distinguishing characteristics (and the other service marks,

trademarks, slogans, etc. associated with the System) as standing for the System and only the System.

We are not required to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark licensed to you, or if the proceeding is resolved unfavorably to you.

If we determine that it is advisable for us and/or you to modify or discontinue the use of any Mark and/or use one or more commercial symbols, you must comply with our directions within a reasonable time. We will not have any liability or obligation to you as a result of your modification or discontinued use of any Mark.

We do not know of any infringing uses that could materially affect your use of any of the Marks. We do not know of any agreements currently in effect which significantly limit our rights to use or license the use of the service marks listed above in this Item in a manner material to the franchise.

The Development Agreement does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

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

**Patents**. We own no patents that are material to your franchise.

**Copyrights.** We have registered with the United States Copyright Office certain copyrights, primarily related to the Primrose Friends puppets and related books, which we do not consider material to the operation of a Facility. In addition, we and our affiliates claim common law rights and copyright protection for the Confidential Manuals, architectural and other plans and specifications, training materials, lesson plans, and other documents used in the development, construction, sale and operation of Franchises. There are no determinations of the Copyright Office or any court regarding any of our copyrights. There are no agreements limiting the use of any copyrights by us.

Any copyrights used by you in the Facility belong solely to us or our affiliates. You agree to notify us in writing of any suspected infringement of our or our affiliates' copyrights. We and our affiliates have exclusive rights to bring an action for infringement and retain any amounts recovered with respect to such action, and to control any infringement proceeding whether brought by or against us or you. We have no obligation to defend or otherwise protect you against any claims involving any copyright, including without limitation any copyright infringement claim, or to indemnify you for any losses you may incur as a result of our copyrights infringing the rights of any other copyright owner. If so requested by us, you will discontinue the use of the subject matter covered by any copyright used in connection with the Facility

**Proprietary Information**. All aspects of the standards and operating procedures of a Facility are derived from information that we or our affiliates disclose. Some of this information is proprietary and confidential and constitutes trade secrets of us and our affiliates. "**Trade Secrets**" means any information of us and our affiliates which (i) derives its economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Certain Trade Secrets are included in the information contained in the proprietary Balanced Learning® curriculum, Confidential Manuals, the Software, the Facility design package, including interior and exterior layout for Facilities, construction plans

and specifications, and equipment and décor specifications. Trade Secrets also include any Trade Secret information in our or our affiliates' training programs, marketing strategies, operations, techniques, financial information, actual and potential supplier lists, customer lists, specifications and materials concerning the educational, recreational and child care services and activities, lesson plans, monthly calendar of events, newsletter formats, other related materials provided, and franchisee lists compiled by us and/or our affiliates.

During and after the term of your Franchise Agreement, or for as long as any of this information remains a Trade Secret, you and your affiliates, if any, must maintain the absolute confidentiality of all Trade Secret information, and may not disclose, sell or use any such information in any other business or in any manner not specifically authorized or approved in advance in writing by us.

You may divulge Confidential Information and Trade Secrets only to your employees that must have access to it in order to perform their professional duties. "**Confidential Information**" means any data or information, other than Trade Secrets, that is competitively sensitive, that is not disclosed to the public by us or our affiliates, or that is not generally known to the public, and other items or compilations of this information, whether in printed or electronic form, relating to us or our affiliates and/or the operation of the System or a Primrose® franchise. Confidential Information also means any information received by us, you, or your affiliates (including the Real Estate Affiliate) from any franchisee or potential franchisee of us or any other third party providing the information in confidence. You and your affiliates (including the Real Estate Affiliate), if any, must maintain the absolute confidentiality of all Confidential Information during the term of your Franchise Agreement and for at least three years after the Franchise Agreement, including any renewals, terminations, or expirations.

You must require all of your and your affiliates' Owners, partners, directors, officers, managers, members, and employees having access to our Trade Secrets or Confidential Information to enter into confidentiality agreements with you to protect all Confidential Information. You must ensure that such confidentiality agreements are enforceable, must strictly enforce such agreements, and must ensure that any person leaving your or your affiliates' employment or ownership ranks returns all Confidential Information to you and provides written certification that they have done so.

You must maintain a list of the names and addresses of all clientele of your Facility. The list will be our sole and exclusive property and will be part of the Confidential Information. You must maintain the confidentiality of the list and may not disclose the clientele list or its contents to any person or entity other than us, except as may be required by law or court order.

**Innovations.** All ideas, concepts, techniques, architectural plans, software, applications, procedures, or materials relating to a Facility or the System, whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Intellectual Property, and works made-for-hire for us.

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

During the six-month period directly prior to the opening of the Facility, at least one Owner shall devote their full time and energy to the development and opening of the Facility. Unless we approve otherwise in our sole discretion, your Facility must at all times be under the direct on-premises supervision of an On-Site Owner, a Director, and an assistant director or education

coach. We recommend that you assign responsibility for oversight of the education programs at your Facility to an education coach or, in the absence of such position, an assistant director. If you and your affiliates operate more than two Facilities, in addition to the on-premises management requirements and responsibilities for the Director and On-Site Owner, we may require you to hire one or more Multi-School Managers. Multi-School Managers may be required to own an equity or profit-sharing interest in your entity and must meet the requirements for a Director and complete our Initial Training.

Your On-Site Owner must have at least a 5% ownership interest in your Entity and must be directly involved in the day-to-day operation and management of your Facility. Your On-Site Owner may not serve as your Director, unless we agree otherwise in writing. You must obtain our written approval for your On-Site Owner, and you may not change your On-Site Owner without our prior written approval.

Your Director must (i) successfully complete training in accordance with our standards, (ii) be qualified to perform the duties of a director and manage the day-to-day operations of the Facility, and (iii) satisfy all brand standards specified in the Confidential Manuals. You must notify us of the identity of your Director and must provide any information that we request to confirm that the Director is compliant with the requirements set forth in the previous sentence.

You must require all of your and your affiliates' Owners, partners, directors, officers, managers, members, and employees having access to our Trade Secrets or Confidential Information (including your Directors and Multi-School Managers) to enter into confidentiality agreements with you to protect all Confidential Information. You must ensure that such confidentiality agreements are enforceable, must strictly enforce such agreements, and must ensure that any person leaving your or your affiliates' employment or ownership ranks returns all Confidential Information to you and provides written certification that they have done so.

In addition, we require all Owners, and may require all Owners' spouses, to sign a Payment and Performance Guarantee, in the form attached to the Franchise Agreement, which requires each Owner (and, if applicable, their spouse) to personally guarantee your obligations under the Franchise Agreement and binds each Owner (and, if applicable, their spouse) to the confidentiality and non-compete provisions in the Franchise Agreement. If you are a party to a Development Agreement, we may require your Owners to sign a document binding them to the non-compete provisions in the Development Agreement.

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

You may use your Facility only to provide learning, recreational, and child care services and activities in accordance with the System, and to sell merchandise which is approved by us in advance. You may offer in the Facility to customers only the products, services, programs, and classes ("**Offerings**") that we have approved in writing. You must offer the specific Offerings that we require in the Confidential Manuals or otherwise in writing. We may change these specifications periodically, and we may designate specific Offerings as optional or mandatory. You must offer all Offerings that we designate as mandatory. You may sell Offerings only in the forms that we have approved in accordance with our standards, including by implementing, at your expense, any new curriculum, programs, or systems that we require.

You are not restricted in the customers to whom you may sell products or services from your Facility, however, you may only provide services that are approved by us and that target children ages six weeks to twelve years. You may advertise, promote, or market your Facility

anywhere, including outside of your Development Area or Designated Area, in accordance with the Franchise Agreement and the Confidential Manuals.

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

### THE FRANCHISE RELATIONSHIP

### FRANCHISE AGREEMENT

**This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the form of the Franchise Agreement attached as Exhibit C to this Disclosure Document.**

| Provision | Section in Agreement | Summary |
|---|---|---|
| A. Length of the franchise term | Section 2.1 | 10 years from the Opening Date for the Facility. |
| B. Renewal or extension of the term | Sections 2.2 and 2.3 | If you have complied with the Franchise Agreement and meet other conditions, you may be able to obtain two successor terms of 10 years each. |
| C. Requirements for you to receive a Successor Term | Section 2.2 | You may exercise your option to obtain a successor term provided that: you have complied with all agreements; you demonstrate that the premises are secured for the successor term and bring the premises into compliance with current specifications and are approved for a successor term by us; you give notice at least 6 months, but not more than 12 months, prior to expiration; you satisfy all monetary obligations; you bring the Facility into full compliance with the then-current specifications and standards; you sign the then-current form of the Franchise Agreement; you comply with then-current qualifications and training requirements; you, your Owners, and your Real Estate Affiliate sign a general release in the form attached as **Exhibit I** to this Disclosure Document; and you pay the successor fee. The then-current form of Franchise Agreement that you must sign will supersede in all respects the terms of your original Franchise Agreement and may include different terms and conditions than your original Franchise Agreement, including, without limitation, higher Royalty Fees and Brand Fund Fees and an adjusted Designated Area. |
| D. Termination by you | Section 3.6 of Exhibit G | The Franchise Agreement does not include a right to terminate, but you may terminate under any grounds available under applicable laws. Under the Site First Program, you may terminate the Franchise Agreement if we fail to present you with a site during the first 20 months after signing the Franchise Agreement. |
| E. Termination by us without cause | Not applicable | Not applicable. |
| F. Termination by us with cause | Section 17 and | If you default under the Franchise Agreement. Subject to state law. |

| Provision | Section in Agreement | Summary |
|---|---|---|
| G. "Cause" defined – curable defaults | Sections 17.1 and 17.2 | You have (a) 30 days to cure a default due to any failure to decorate and equip the premises as specified or failure to satisfactorily complete training, (b) 10 days to cure a default due to any failure to maintain any required license, (c) 30 days to cure any default due to any failure to timely pay supplier invoices, (d) 30 days to cure any other default not specified in Sections 17 and (e) 10 days to cure a failure to pay any amounts due to us or our affiliates. |
| H. "Cause" defined – non-curable defaults | Sections 3.6, 17.1, and 17.2. | Subject to applicable state law, you or any of your affiliates (a) misrepresent information in the application, the Franchise Agreement or a related document, (b) or your Owners are charged with a felony or other offense involving moral turpitude or which is likely to adversely affect our or our affiliates' reputation, engage in any fraudulent, unethical, or other conduct which is likely to adversely affect our or our affiliates' reputation, or continue to employ a person whom you know has been charged with a similar crime or has acted in a similar manner, (c) misuse the Confidential Manuals, Trade Secrets, or Confidential Information, (d) abandon the Facility for more than five days in any 12-month period or fail to relocate within an approved period of time following expiration or termination of the lease for the premises, (e) take any action or permits to exist any condition that endangers health or safety, (f) fail to comply with the transfer provisions of the Franchise Agreement, (g) submit on two or more occasions reports or data that understate Royalty Fees or any other fee by more than 3% or submit any statement or record that intentionally understates Royalty Fees, (h) go into bankruptcy or insolvency, (i) misuse the Marks or commit another act that impairs the Marks' goodwill, (j) fail to submit reports or pay amounts due on two or more occasions in a 12-month period, (k) fail to commence operations by the applicable deadline, (l) fail to comply with any lease or financing agreement if such failure would permit the termination of such agreement, (m) fail to comply with any provision of the Franchise Agreement on 3 or more occasions in a 12-month period, (n) or your Owners or entities owned by your Owners default under any other agreement between us and our affiliates, (o) if at any time we are unable to locate a suitable site or unable to develop a site that we select, (p) the REDA is terminated or expires, or (q) you reject a site we have presented to you (or, under the Site First Program, you have rejected one site and 20 months has elapsed since signing the Franchise Agreement or you have rejected two sites). |
| I. Your obligations on termination/non-renewal | Section 18 | Obligations include complete de-identification; payment of amounts due and damages; return of Confidential Information and other materials; relinquishment of phone numbers and domain names; compliance with non-compete |

| Provision | Section in Agreement | Summary |
|---|---|---|
| | | provisions; and stop using all our intellectual property (including trademarks and copyrights). |
| J. Assignment of contract by us | Section 19.1 | No restrictions on our right to assign. |
| K. "Transfer" by you – definition | Section 19.2 | Includes transfer of any direct or indirect interest in the Franchise Agreement, the Facility or substantially all of its assets, or the ownership of Franchisee. |
| L. Our approval of transfer by you | Section 19.2 | We have the right to approve all transfers but will not unreasonably withhold approval if certain conditions are met. |
| M. Conditions for our approval of transfer | Section 19.2 | In addition to other conditions that we reasonably specify: transferee must (i) meet our qualifications and licensing requirements, (ii) complete training, (iii) sign then-current form of Franchise Agreement, (iv) modify certificates evidencing ownership of the franchisee, (v) obtain our approval of a business plan, (vi) pay us an Initial Franchise Fee equal to 60% of the then-current Initial Fee for existing franchisees, (vii) pay us the then-current Initial Training Fee. You must (i) satisfy all of your monetary and other obligations, (ii) sign a general release document in the form attached as **Exhibit I** to this Disclosure Document, and (iii) pay us the Transfer Fee equal to 40% of the then-current Initial Fee for existing franchisees. You or the transferee, in our discretion, must bring the Facility into compliance with then-current standards, which may require remodeling. We must determine the purchase price won't impact the operation. |
| N. Our right of first refusal to acquire your business | Section 21.1 | We can match any offer (i) for an interest in your business or you, or (ii) for the assets used in your business. |
| O. Our option to purchase/lease your business | Section 18.9 | We can purchase or lease the assets used in your business after the Franchise Agreement terminates or expires. |
| P. Your death or disability | Sections 20 and 22 | Successors must qualify to operate franchise or must assign franchise within 180 days; we may operate the Facility to prevent service interruption. |
| Q. Non-competition covenants during the term of the franchise | Section 16.2 | No diverting business to a competitor; no performing any act injurious to the goodwill associated with the Marks or the System; and no involvement in (including as a lessor) any business in the United States which provides, in whole or in part, educational services, programs, or materials for children of any ages between six weeks through first grade and/or child care services for children of any ages between six weeks through 12 years (a "**Competing Business**"). |
| R. Non-competition covenants after the franchise is terminated or expires | Section 16.3 | No involvement (including as a lessor) by you or any Owner in any Competing Business for two years within a 5-mile radius of the Site, the Designated Area, or any Facility existing at the time of expiration or termination. |

| Provision | Section in Agreement | Summary |
|---|---|---|
| S. Modification of the Franchise Agreement | Sections 1.2, 9, and 27 | No modifications generally except when agreed to in writing. We may unilaterally change or add to our specifications, standards or policies, including those in the Confidential Manuals, and change the Designated Area. |
| T. Integration/merger clause | Section 27 | Only the terms of the Franchise Agreement, including its exhibits, and the representations in this Disclosure Document are binding (subject to state law), and any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| U. Dispute resolution by arbitration or mediation | Section 30 | Subject to applicable state law, except for certain claims, all disputes must be arbitrated in Atlanta, Georgia, or, if our principal place of business is no longer located in Atlanta, Georgia, then at the office of the American Arbitration Association ("**AAA**") nearest to our principal place of business. |
| V. Choice of forum | Section 29.2 | Litigation must be filed in the United States District Court or the Superior (or any comparable) Court where we have our principal place of business when such action is filed (currently, Atlanta, Georgia), subject to state laws. |
| W. Choice of law | Section 29.1 | Georgia law and federal trademark law apply, subject to state laws. |

If you are required to sign one of the Addenda to the Franchise Agreement (included as an Exhibit to Franchise Agreement attached to this Disclosure Document as **Exhibit C**), the Addendum may affect your rights under your Franchise Agreement.

**REAL ESTATE DEVELOPMENT AGREEMENT**

**This table lists certain important provisions of the REDA. You should read these provisions in the form of REDA attached as Exhibit G to this Disclosure Document. "You" and "your" for the purpose of the table below refers to you and your Real Estate Affiliate.**

| Provision | Section in Agreement | Summary |
|---|---|---|
| A. Term of the agreement | Not applicable | Not applicable. |
| B. Renewal or extension of the term | Not applicable | Not applicable. |
| C. Requirements for you to renew or extend | Not applicable | Not applicable. |
| D. Termination by you | Sections 9 | Subject to certain notice and cure rights, Real Estate Affiliate may terminate the REDA in the event of an uncured default by us. Real Estate Affiliate may be entitled to the return of the expenses paid to us. |

| Provision | Section in Agreement | Summary |
|---|---|---|
| E. Termination by us without cause | Section 5(C) | We may terminate, in our sole discretion, if (i) the site is no longer acceptable to us or (ii) the owner of the site will fail to perform under the purchase agreement for the site. |
| F. Termination by us with cause | Sections 9(A) and 9(B) | Subject to certain notice and cure rights, we may terminate the agreement in the event of an uncured default by Real Estate Affiliate or you for the causes specified in (H.) below. |
| G. "Cause" defined – defaults which can be cured | Section 9(A) | Real Estate Affiliate or you have 30 days to cure any default not specified in (H.) below, provided that, if such default cannot be cured within 30 days, you must begin curing the default within 30 days and proceed to cure the default in good faith. |
| H. "Cause" defined – defaults which cannot be cured | Section 9 | Non-curable defaults include: a default under the Franchise Agreement prior to the closing required under the REDA, the failure to cure a curable default within the time period specified in (G.) above, one or more of the closing conditions under the REDA not being satisfied prior to the closing, the owner of the accepted site failing to perform under the purchase agreement, or the site no longer being acceptable to us for any reason. |
| I. Your obligations on termination/ non-renewal | Section 7 | Pay us amounts owed under the REDA. |
| J. Assignment of contract by us | Section 12 | We may assign our rights under Section 12 of the REDA. |
| K. "Transfer" by you – definition | Sections 13(F) and 13(G) | Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of the real property or the REDA. |
| L. Our approval of transfer by you | Sections 13(F) and 13(G) | We have the right to approve all transfers, but will not unreasonably withhold approval if certain conditions are met. |
| M. Conditions for our approval of transfer | Section 13(G) | You must (i) satisfy all money obligations, (ii) not be in default under agreements, (iii) have transferees sign various agreements, and (iv) sign a termination agreement and a general release document in the form attached as Exhibit I to this Disclosure Document. |
| N. Our right of first refusal to acquire your business | Section 12(B) | We can match any offer (i) for an interest in your business or you, or (ii) for the assets used in your business. |
| O. Our option to purchase your business | Section 12(A) | We can purchase the assets used in your business 90 days prior to or 30 days after the Franchise Agreement terminates or expires. |
| P. Your death or disability | Not applicable | Not applicable. |
| Q. Non-competition covenants during the term of the agreement | Not applicable | Not applicable. |

| Provision | Section in Agreement | Summary |
|---|---|---|
| R. Non-competition covenants after the agreement is terminated or expires | Not applicable | Not applicable. |
| S. Modification of the agreement | Section 13(A) | Amendments must be signed by both parties. |
| T. Integration/merger clause | Section 13(A) | Only the terms of the REDA. Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments. |
| U. Dispute resolution by arbitration or mediation | Section 11 | Subject to applicable state law, except for certain claims, all disputes must be arbitrated in accordance with the AAA's rules in Atlanta, Georgia, or, if our principal place of business is no longer located in Atlanta, Georgia, then at the office of the AAA nearest to our principal place of business. |
| V. Choice of forum | Section 11(C) | Actions for equitable or injunctive relief may be brought in federal or state court located in Georgia, subject to state laws. |
| W. Choice of law | Section 11(A) | Georgia law applies, subject to state laws. |

## DEVELOPMENT AGREEMENT

**The table below lists certain important provisions of the Development Agreement. You should read these provisions in the form of Development Agreement attached to this Disclosure Document as Exhibit J.**

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| a. | Length of the development term | Section 5 | Unless earlier terminated, the term expires at midnight on the earlier of (i) the last Opening Deadline date listed on the Development Schedule, or (ii) the opening of the last Facility to be developed pursuant to the Development Schedule. |
| b. | Renewal or extension of the term | Not applicable | Not applicable. |
| c. | Requirements for franchisee/developer to renew or extend | Not applicable | Not applicable. |
| d. | Termination by franchisee/developer | Not applicable | Not applicable. |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| e. | Termination by us without cause | Not applicable | Not applicable. |
| f. | Termination by us with cause | Section 9.1 | We have the right to terminate Development Agreement if you commit one of several violations. |
| g. | "Cause" defined – curable defaults | Not applicable | Not applicable. |
| h. | "Cause" defined – non-curable defaults | Section 9.1 | Non-curable defaults include you fail to have open and operating the required number of Facilities specified in the Development Schedule at any opening deadline; you fail to comply with applicable laws; you, your Owners, or your affiliates breach or commit a default under any Franchise Agreement or other agreement with us or our affiliates, and we or our affiliates terminate that agreement or have the right to terminate that agreement, even if we do not exercise that right; or you, your Owners, or your affiliates breach or otherwise fail to comply with any other provision in the Development Agreement. |
| i. | Your obligations on termination/non-renewal | Section 9.3 | You will lose your right to develop additional Facilities. |
| j. | Assignment of contract by us | Section 10 | No restriction on our right to assign. |
| k. | "Transfer" by you – definition | Section 10 | Includes transfer of the Development Agreement, any interest in the Development Agreement, or any direct or indirect controlling equity interest in you. |
| l. | Our approval of transfer by franchisee/developer | Section 10 | Subject to applicable laws, you do not have the right to make a transfer. If a transfer occurs, the Development Agreement will terminate. |
| m. | Conditions for our approval of transfer | Section 10 | If applicable laws require us to permit you to complete transfer, we may impose any conditions permissible by law, including requiring you and your Owners to sign a general release. |
| n. | Our right of first refusal to acquire franchisee's/developer's business | Not applicable | Not applicable. |
| o. | Our option to purchase your business | Not applicable | Not applicable. |
| p. | Death or disability of franchisee/developer | Not applicable | Not applicable. |
| q. | Non-competition covenants during the term | Section 11 | Binds you and your Owners to the noncompete covenants included in Section 16 of the Franchise Agreement (described above in the Franchise Agreement chart). |
| r. | Non-competition covenants after the Development | Section 11 | Binds you and your Owners to the noncompete covenants included in the Franchise Agreement (described above in the Franchise Agreement |

| | Provision | Section in Development Agreement | Summary |
|---|---|---|---|
| | Agreement is terminated or expires | | chart), except the post-term noncompete covenant applies to any Competitive Business that is located within the Target Area (including any excluded areas within it), a 10-mile radius of the Target Area (including any excluded areas within it), or a 5-mile radius location of any other Facility that is then operating or under development. |
| s. | Modification of the agreement | Section 10 | No modifications unless agreed to in writing by both parties. |
| t. | Integration/merger clause | Section 13 | Only the terms of the Development Agreement and the initial Franchise Agreement are binding (subject to state law). Any other promises outside this Disclosure Document, the Development Agreement, or the initial Franchise Agreement may not be enforceable. Nothing in the Development Agreement or in any other related written agreement is intended to disclaim representations made in this Disclosure Document. |
| u. | Dispute resolution by arbitration or mediation | Section 12 | Subject to applicable state law, except for certain claims, all disputes must be arbitrated in Atlanta, Georgia, or, if our principal place of business is no longer located in Atlanta, Georgia, then at the office of the American Arbitration Association ("**AAA**") nearest to our principal place of business. |
| v. | Choice of forum | Section 12 | Litigation must be filed in the United States District Court or the Superior (or any comparable) Court where we have our principal place of business when such action is filed (currently, Atlanta, Georgia), subject to state laws. |
| w. | Choice of law | Section 12 | Georgia law and federal trademark law apply, subject to state laws. |

## ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote our 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 Statement. 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.

This Item 19 presents information about the financial performance of franchised Facilities during the calendar year ending December 31, 2024 ("**Calendar Year 2024**") that were active

franchises throughout Calendar Year 2024. An "**active franchise**" is a franchise that opened a Facility prior to January 1, 2024 and had not permanently closed such Facility by December 31, 2024.

This Item 19 does not include data for one franchised Facility with a capacity of 418 children (which is significantly larger than a typical Facility) and four Primrose on Premise Facilities (which are not representative of a typical Facility) that were active franchises during the applicable period (the "**Excluded Facilities**").

**TABLE 1: SUMMARY OF ANNUAL GROSS REVENUES OF FACILITIES BY QUARTILE IN CALENDAR YEAR 2024**

| | # of Facilities | Average Gross Revenues | # at or Above Average Gross Revenues | % at or Above Average Gross Revenues | Median Gross Revenues | Lowest Gross Revenues | Highest Gross Revenues |
|---|---|---|---|---|---|---|---|
| Top 25% | 125 | $3,812,543 | 44 | 35% | $3,636,827 | $3,132,537 | $6,684,671 |
| Second 25% | 125 | $2,873,761 | 59 | 47% | $2,860,887 | $2,653,188 | $3,130,058 |
| Third 25% | 125 | $2,429,591 | 61 | 49% | $2,413,208 | $2,176,452 | $2,651,838 |
| Bottom 25% | 124 | $1,790,885 | 68 | 55% | $1,835,475 | $617,913 | $2,164,758 |
| Total | 499 | $2,728,570 | 225 | 45% | $2,653,188 | $617,913 | $6,684,671 |

**NOTES TO TABLE 1:**

1. Table 1 includes data from 499 Facilities that were active franchises throughout the entire Calendar Year 2024 (out of 525 Facilities that were open franchises as of the end of Calendar Year 2024). It does not include (i) 21 Facilities that opened during Calendar Year 2024 and (ii) five Excluded Facilities. It also does not include one franchised Facility that temporarily closed in April 2024, remained closed at the end of Calendar Year 2024, and is reopening in 2025 under new ownership. No Facilities were permanently closed or reacquired by us during Calendar Year 2024.

**TABLES 2 AND 3: PROFIT AND LOSS STATEMENTS**

The following tables set forth the historical average profit and loss statements for certain Facilities based on information reported to us by our franchisees.

Tables 2 and 3 include data from 413 Facilities that were active franchises throughout the entire Calendar Year 2024 (out of 525 Facilities that were open franchises as of the end of Calendar Year 2024). It does not include (i) 21 Facilities that opened during Calendar Year 2024, (ii) five Excluded Facilities, (iii) 30 Facilities that were transferred to a new franchisee during Calendar Year 2024 (and, therefore, did not report a full year of expenses), (iv) 14 Facilities that submitted data that was incomplete or otherwise inconsistent with the categories that we have presented, and (v) 42 Facilities that did not timely submit data. It also does not include one franchised Facility that temporarily closed in April 2024, remained closed at the end of Calendar Year 2024, and is reopening in 2025 under new ownership. No Facilities were reacquired by us during Calendar Year 2024.

In the tables, the 413 Facilities included in the Calendar Year 2024 data (the "**Included Facilities**") were divided into three groups based on the Gross Revenues of each Facility. The "Top Third" includes the Included Facilities with the highest Gross Revenues. The "Middle Third" includes the Included Facilities with Gross Revenues less than the Top Third but higher than the Bottom Third. The "Bottom Third" includes the Included Facilities with the lowest Gross Revenues.

Table 2 provides a detailed average profit and loss statement for Calendar Year 2024. Table 3 provides additional details concerning several of the line items disclosed in Table 2.

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## TABLE 2: PROFIT AND LOSS STATEMENT FOR CALENDAR YEAR 2024

| | All Included Facilities | | Top Third | | Middle Third | | Bottom Third | |
|---|---|---|---|---|---|---|---|---|
| | (413 Facilities) | | (138 Facilities) | | (138 Facilities) | | (137 Facilities) | |
| During 1/1/24 to 12/31/24 | Average | % of Total Gross Revenues | Average | % of Total Gross Revenues | Average | % of Total Gross Revenues | Average | % of Total Gross Revenues |
| **Total Gross Revenues** | $2,814,801 | | $3,751,096 | | $2,708,116 | | $1,979,137 | |
| Payroll (excluding taxes) | $1,155,431 | 41% | $1,449,243 | 39% | $1,151,986 | 43% | $862,945 | 44% |
| Payroll Taxes | $105,341 | 4% | $145,501 | 4% | $91,670 | 3% | $78,657 | 4% |
| **Total Payroll and Taxes** | $1,260,772 | 45% | $1,594,745 | 43% | $1,243,656 | 46% | $941,602 | 48% |
| Brand Fund Fee - 2% of Gross Rev. | $48,962 | 2% | $58,863 | 2% | $53,679 | 2% | $34,237 | 2% |
| Royalty Fee - 7% of Gross Rev. | $200,150 | 7% | $277,164 | 7% | $189,024 | 7% | $133,779 | 7% |
| MLBC & Local Advertising | $31,952 | 1% | $46,123 | 1% | $24,011 | 1% | $25,676 | 1% |
| **Total Brand Fund, Royalty, and MLBC** | $281,063 | 10% | $382,150 | 10% | $266,714 | 10% | $193,693 | 10% |
| Food | $94,646 | 3% | $120,482 | 3% | $90,885 | 3% | $72,411 | 4% |
| Educational Supplies | $37,961 | 1% | $51,040 | 1% | $34,892 | 1% | $27,878 | 1% |
| Bank Charges and Credit Card Fees | $9,540 | 0% | $12,234 | 0% | $8,509 | 0% | $7,865 | 0% |
| Bus Operating Expenses | $2,481 | 0% | $2,716 | 0% | $3,166 | 0% | $1,555 | 0% |
| Employee Benefits | $41,694 | 1% | $60,803 | 2% | $39,327 | 1% | $24,829 | 1% |
| Professional Fees | $2,043 | 0% | $3,345 | 0% | $1,326 | 0% | $1,452 | 0% |
| Field Trips | $5,043 | 0% | $5,027 | 0% | $4,767 | 0% | $5,339 | 0% |
| Cleaning Charges | $8,802 | 0% | $10,237 | 0% | $9,884 | 0% | $6,267 | 0% |
| Misc. Taxes & Licenses | $5,908 | 0% | $6,681 | 0% | $7,171 | 0% | $3,856 | 0% |
| Office Supplies & Postage Expense | $15,358 | 1% | $18,424 | 0% | $17,316 | 1% | $10,296 | 1% |
| Printing & Promotional Clothing | $2,263 | 0% | $2,240 | 0% | $2,511 | 0% | $2,035 | 0% |
| Staff Training | $4,769 | 0% | $7,157 | 0% | $4,270 | 0% | $2,865 | 0% |
| Supplies (General) | $21,600 | 1% | $20,888 | 1% | $21,829 | 1% | $22,086 | 1% |
| Telephone Expense | $11,759 | 0% | $14,120 | 0% | $11,130 | 0% | $10,015 | 1% |
| Uniforms | $3,529 | 0% | $4,530 | 0% | $3,313 | 0% | $2,739 | 0% |
| Miscellaneous Expenses | $31,372 | 1% | $35,983 | 1% | $33,399 | 1% | $24,686 | 1% |
| **Total Other Expenses** | $298,767 | 11% | $375,907 | 10% | $293,694 | 11% | $226,173 | 11% |
| Insurance - General Liability | $37,882 | 1% | $44,742 | 1% | $32,688 | 1% | $36,204 | 2% |
| Maintenance - (Building, Grounds, Equip) | $55,806 | 2% | $64,342 | 2% | $52,053 | 2% | $50,989 | 3% |
| Utilities | $56,478 | 2% | $66,937 | 2% | $53,221 | 2% | $49,223 | 2% |
| Rent | $315,059 | 11% | $373,854 | 10% | $314,867 | 12% | $256,027 | 13% |
| **Total Occupancy Expenses** | $465,225 | 17% | $549,875 | 15% | $452,828 | 17% | $392,443 | 20% |
| **Total Expenses** | $2,305,827 | 82% | $2,902,677 | 77% | $2,256,892 | 83% | $1,753,911 | 89% |
| **EBITDAR (Note 1)** | $824,034 | 29% | $1,222,273 | 33% | $766,091 | 28% | $481,253 | 24% |
| **EBITDA (Note 1)** | $508,975 | 18% | $848,418 | 23% | $451,224 | 17% | $225,226 | 11% |

**TABLE 3: DETAILS REGARDING CERTAIN AVERAGES PRESENTED IN PROFIT AND LOSS STATEMENTS**

| | 2024 | | | |
|---|---|---|---|---|
| | **All Included Facilities** | **Top Third** | **Middle Third** | **Bottom Third** |
| # of Facilities | 413 | 138 | 138 | 137 |
| **Gross Revenues** | | | | |
| Average | $2,814,801 | $3,751,096 | $2,708,116 | $1,979,137 |
| # and % Above Avg | 178 / 43% | 52 / 38% | 65 / 47% | 75 / 55% |
| Median | $2,689,029 | $3,565,761 | $2,688,578 | $2,030,863 |
| Highest | $6,683,053 | $6,683,053 | $3,123,924 | $2,490,228 |
| Lowest | $1,041,866 | $3,041,446 | $2,378,804 | $1,041,866 |
| **Total Expenses** | | | | |
| Average | $2,305,827 | $2,902,677 | $2,256,892 | $1,753,911 |
| # and % Above Avg | 96 / 23% | 28 / 20% | 16 / 12% | 25 / 18% |
| Median | $1,927,177 | $2,433,376 | $1,932,951 | $1,500,900 |
| Highest | $4,149,303 | $4,149,303 | $2,590,300 | $2,069,764 |
| Lowest | $693,544 | $1,555,460 | $773,489 | $693,544 |
| **EBITDA (Note 1)** | | | | |
| Average | $508,975 | $848,418 | $451,224 | $225,226 |
| # and % Above Avg | 180 / 44% | 60 / 43% | 68 / 49% | 66 / 48% |
| Median | $454,885 | $800,097 | $447,091 | $213,753 |
| Highest | $2,324,690 | $2,324,690 | $1,784,492 | $721,790 |
| Lowest | $(394,053) | $129,823 | $(360,683) | $(394,053) |

**NOTES TO TABLES 2 AND 3:**

1. "**EBITDAR**" means adjusted operating income/earnings before interest, taxes, depreciation, amortization, and rent. "**EBITDA**" means adjusted operating income/earnings before interest, taxes, depreciation, and amortization.

**NOTES TO ITEM 19:**

2. "Gross Revenues" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by a franchisee, and by persons other than such franchisee, in connection with such franchisee's business or otherwise at or through its Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. See Note 1 to Item 6 for the full definition of Gross Revenues. Gross Revenues does not include any federal and/or state relief, grants, or other forms of financial assistance that franchisees may have collected.

3. The data included in this Item 19 is based on information reported to us by our franchisees and has not been audited.

4. **Some outlets have sold or earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

5. Substantiation for the data contained in Item 19 will be made available to you by us upon reasonable request.

Other than in this Item 19, we do not make any additional representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any additional representations either orally or in writing. If you receive any additional financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Franchise Administration at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 (Tel. 770-529-4100), the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

The "Franchised Facilities" described in this Item 20 are operated by franchisees that are currently licensed by us or PSF2.

**Table No. 1**
**System-wide Facility Summary**
**For Fiscal Years 2022 to 2024**

| Facility Type | Year | Facilities at the Start of the Year | Facilities at the End of the Year | Net Change |
|---|---|---|---|---|
| **Franchised** | **2022** | 465 | 483 | +18 |
| | **2023** | 483 | 505 | +22 |
| | **2024** | 505 | 525 | +20 |
| **Company-Owned** | **2022** | 0 | 0 | 0 |
| | **2023** | 0 | 0 | 0 |
| | **2024** | 0 | 0 | 0 |
| **Total Facilities** | **2022** | 465 | 483 | +18 |
| | **2023** | 483 | 505 | +22 |
| | **2024** | 505 | 525 | +20 |

**Table No. 2**
**Transfers of Facilities from Franchisees to New Owners (other than us or our affiliates)**
**For Years 2022 to 2024**

| State | Year | Number of Transfers |
|---|---|---|
| **Alabama** | **2022** | 1 |
| | **2023** | 0 |
| | **2024** | 0 |
| **Arizona** | **2022** | 3 |
| | **2023** | 1 |
| | **2024** | 3 |
| **Colorado** | **2022** | 2 |
| | **2023** | 6 |
| | **2024** | 1 |
| **Florida** | **2022** | 5 |
| | **2023** | 2 |
| | **2024** | 1 |

| State | Year | Number of Transfers |
|---|---|---|
| **Georgia** | **2022** | 5 |
| | **2023** | 0 |
| | **2024** | 5 |
| **Illinois** | **2022** | 2 |
| | **2023** | 0 |
| | **2024** | 0 |
| **Indiana** | **2022** | 1 |
| | **2023** | 1 |
| | **2024** | 0 |
| **Minnesota** | **2022** | 1 |
| | **2023** | 1 |
| | **2024** | 1 |
| **Missouri** | **2022** | 0 |
| | **2023** | 0 |
| | **2024** | 1 |
| **North Carolina** | **2022** | 2 |
| | **2023** | 0 |
| | **2024** | 1 |
| **New Jersey** | **2022** | 1 |
| | **2023** | 0 |
| | **2024** | 0 |
| **Ohio** | **2022** | 6 |
| | **2023** | 1 |
| | **2024** | 4 |
| **Pennsylvania** | **2022** | 0 |
| | **2023** | 0 |
| | **2024** | 1 |
| **South Carolina** | **2022** | 0 |
| | **2023** | 0 |
| | **2024** | 1 |
| **Tennessee** | **2022** | 3 |
| | **2023** | 2 |
| | **2024** | 0 |
| **Texas** | **2022** | 4 |
| | **2023** | 2 |
| | **2024** | 7 |
| **Virginia** | **2022** | 2 |
| | **2023** | 1 |
| | **2024** | 4 |
| **TOTALS** | **2022** | **38** |
| | **2023** | **17** |
| | **2024** | **30** |

**Table No. 3**
**Status of Franchised Facilities**
**For Years 2022 to 2024**

| State | Year | Facilities at Start of Year | Facilities Opened | Terminations (note 1) | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Facilities at End of Year |
|---|---|---|---|---|---|---|---|---|
| **AL** | **2022** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | **2023** | 4 | 0 | 0 | 0 | 0 | 0 | 4 |
| | **2024** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| **AR** | **2022** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2023** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2024** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **AZ** | **2022** | 10 | 1 | 0 | 0 | 0 | 0 | 11 |
| | **2023** | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | **2024** | 11 | 1 | 0 | 0 | 0 | 0 | 12 |
| **CA** | **2022** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | **2023** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | **2024** | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| **CO** | **2022** | 30 | 1 | 1 | 0 | 0 | 0 | 30 |
| | **2023** | 30 | 1 | 0 | 0 | 0 | 0 | 31 |
| | **2024** | 31 | 1 | 0 | 0 | 0 | 0 | 32 |
| **DC** | **2022** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2023** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2024** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **FL** | **2022** | 30 | 0 | 0 | 0 | 0 | 0 | 30 |
| | **2023** | 30 | 1 | 0 | 0 | 0 | 0 | 31 |
| | **2024** | 31 | 1 | 0 | 0 | 0 | 0 | 32 |
| **GA** | **2022** | 46 | 0 | 0 | 0 | 0 | 0 | 46 |
| | **2023** | 46 | 2 | 0 | 0 | 0 | 0 | 48 |
| | **2024** | 48 | 1 | 0 | 0 | 0 | 0 | 49 |
| **ID** | **2022** | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2023** | 1 | 1 | 0 | 0 | 0 | 0 | 1 |
| | **2024** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **IL** | **2022** | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | **2023** | 7 | 1 | 0 | 0 | 0 | 0 | 8 |
| | **2024** | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| **IA** | **2022** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2023** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2024** | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| **IN** | **2022** | 11 | 0 | 0 | 0 | 0 | 0 | 11 |
| | **2023** | 11 | 1 | 0 | 0 | 0 | 0 | 12 |
| | **2024** | 12 | 0 | 0 | 0 | 0 | 0 | 12 |
| **KS** | **2022** | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | **2023** | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | **2024** | 9 | 0 | 0 | 0 | 0 | 0 | 9 |

| State | Year | Facilities at Start of Year | Facilities Opened | Terminations (note 1) | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Facilities at End of Year |
|---|---|---|---|---|---|---|---|---|
| **KY** | **2022** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2023** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2024** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **MD** | **2022** | 4 | 1 | 0 | 0 | 0 | 0 | 5 |
| | **2023** | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | **2024** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| **MA** | **2022** | 6 | 2 | 0 | 0 | 0 | 0 | 8 |
| | **2023** | 8 | 1 | 0 | 0 | 0 | 0 | 9 |
| | **2024** | 9 | 2 | 0 | 0 | 0 | 0 | 11 |
| **MI** | **2022** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2023** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2024** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| **MN** | **2022** | 20 | 2 | 0 | 0 | 0 | 0 | 22 |
| | **2023** | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| | **2024** | 22 | 0 | 0 | 0 | 0 | 0 | 22 |
| **MO** | **2022** | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | **2023** | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| | **2024** | 7 | 0 | 0 | 0 | 0 | 0 | 7 |
| **NE** | **2022** | 5 | 0 | 0 | 0 | 0 | 0 | 5 |
| | **2023** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | **2024** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| **NV** | **2022** | 1 | 2 | 0 | 0 | 0 | 0 | 3 |
| | **2023** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2024** | 3 | 1 | 0 | 0 | 0 | 0 | 4 |
| **NH** | **2022** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2023** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| | **2024** | 2 | 0 | 0 | 0 | 0 | 0 | 2 |
| **NJ** | **2022** | 11 | 1 | 0 | 0 | 0 | 0 | 12 |
| | **2023** | 12 | 3 | 0 | 0 | 0 | 0 | 15 |
| | **2024** | 15 | 0 | 0 | 0 | 0 | 0 | 15 |
| **NC** | **2022** | 24 | 0 | 0 | 0 | 0 | 0 | 24 |
| | **2023** | 24 | 1 | 0 | 0 | 0 | 0 | 25 |
| | **2024** | 25 | 0 | 0 | 0 | 0 | 0 | 25 |
| **NY** | **2022** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| | **2023** | 2 | 1 | 0 | 0 | 0 | 0 | 3 |
| | **2024** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| **OH** | **2022** | 32 | 2 | 0 | 0 | 0 | 0 | 34 |
| | **2023** | 34 | 3 | 0 | 0 | 0 | 0 | 37 |
| | **2024** | 37 | 2 | 0 | 0 | 0 | 0 | 39 |
| **OK** | **2022** | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | **2023** | 8 | 0 | 0 | 0 | 0 | 0 | 8 |
| | **2024** | 8 | 3 | 0 | 0 | 0 | 0 | 11 |
| **OR** | **2022** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2023** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2024** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |

| State | Year | Facilities at Start of Year | Facilities Opened | Terminations (note 1) | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Facilities at End of Year |
|---|---|---|---|---|---|---|---|---|
| **PA** | **2022** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | **2023** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | **2024** | 6 | 1 | 0 | 0 | 0 | 0 | 7 |
| **SC** | **2022** | 5 | 1 | 0 | 0 | 0 | 0 | 6 |
| | **2023** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| | **2024** | 6 | 0 | 0 | 0 | 0 | 0 | 6 |
| **TN** | **2022** | 14 | 0 | 0 | 0 | 0 | 0 | 14 |
| | **2023** | 14 | 2 | 0 | 0 | 0 | 0 | 16 |
| | **2024** | 16 | 1 | 0 | 0 | 0 | 0 | 17 |
| **TX** | **2022** | 136 | 2 | 0 | 0 | 0 | 0 | 138 |
| | **2023** | 138 | 2 | 0 | 0 | 0 | 1 | 139 |
| | **2024** | 139 | 2 | 0 | 0 | 0 | 0 | 141 |
| **VA** | **2022** | 21 | 0 | 0 | 0 | 0 | 0 | 21 |
| | **2023** | 21 | 1 | 0 | 0 | 0 | 0 | 22 |
| | **2024** | 22 | 0 | 0 | 0 | 0 | 1 (Note 2) | 21 |
| **WA** | **2022** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2023** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| | **2024** | 3 | 0 | 0 | 0 | 0 | 0 | 3 |
| **WI** | **2022** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2023** | 1 | 0 | 0 | 0 | 0 | 0 | 1 |
| | **2024** | 1 | 1 | 0 | 0 | 0 | 0 | 2 |
| **Total** | **2022** | **465** | **19** | **1** | **0** | **0** | **0** | **483** |
| | **2023** | **483** | **23** | **0** | **0** | **0** | **1** | **505** |
| | **2024** | **505** | **21** | **0** | **0** | **0** | **1** | **525** |

Note 1: The "Terminations" category includes all Facilities that were opened and subsequently closed due to the termination of a Franchise Agreement. The "Terminations" category does not include Franchise Agreements that were signed and terminated prior to a Facility opening.

Note 2: One Facility in Virginia temporarily closed in April 2024, and remained closed as of December 31, 2024, but is expected to reopen in 2025 under new ownership.

**Table No. 4**
**Status of Company-Owned Facilities**
**For Years 2022 to 2024**

| State | Year | Facilities at Start of Year | Facilities Opened | Facilities Reacquired from Franchisee | Facilities Closed | Facilities Sold to Franchisee | Facilities at End of Year |
|---|---|---|---|---|---|---|---|
| **Total** | **2021** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2022** | 0 | 0 | 0 | 0 | 0 | 0 |
| | **2023** | 0 | 0 | 0 | 0 | 0 | 0 |

**Table No. 5**
**Projected Openings as of December 31, 2024**
**For following 12-month period ending December 31, 2025**

| State | Franchise Agreements Signed but Facility Not Opened as of December 31, 2024 | Projected New Franchised Facilities in 2025 | Projected New Company-Owned Facilities in 2025 |
|---|---|---|---|
| **Alabama** | 1 | 1 | 0 |
| **Arizona** | 5 | 1 | 0 |
| **Arkansas** | 2 | 0 | 0 |
| **California** | 22 | 2 | 0 |
| **Colorado** | 9 | 0 | 0 |
| **Connecticut** | 1 | 0 | 0 |
| **Florida** | 15 | 4 | 0 |
| **Georgia** | 10 | 1 | 0 |
| **Idaho** | 2 | 1 | 0 |
| **Illinois** | 7 | 1 | 0 |
| **Indiana** | 1 | 0 | 0 |
| **Kansas** | 2 | 1 | 0 |
| **Louisiana** | 1 | 0 | 0 |
| **Maryland** | 15 | 3 | 0 |
| **Massachusetts** | 10 | 1 | 0 |
| **Michigan** | 5 | 4 | 0 |
| **Minnesota** | 3 | 0 | 0 |
| **Missouri** | 2 | 0 | 0 |
| **Nebraska** | 4 | 1 | 0 |
| **Nevada** | 2 | 1 | 0 |
| **New Jersey** | 10 | 1 | 0 |
| **New Mexico** | 2 | 0 | 0 |
| **New York** | 5 | 0 | 0 |
| **North Carolina** | 7 | 1 | 0 |
| **Ohio** | 7 | 1 | 0 |
| **Oklahoma** | 2 | 0 | 0 |
| **Oregon** | 1 | 0 | 0 |
| **Pennsylvania** | 7 | 1 | 0 |
| **South Carolina** | 1 | 0 | 0 |
| **South Dakota** | 1 | 1 | 0 |
| **Tennessee** | 5 | 2 | 0 |
| **Texas** | 35 | 3 | 0 |
| **Utah** | 1 | 0 | 0 |
| **Virginia** | 12 | 2 | 0 |
| **Washington** | 8 | 1 | 0 |
| **Total** | **223** | **35** | **0** |

**Current and Former Franchisees**. Set forth on **Exhibit D** to this Disclosure Document are the names of all current franchisees and the address of each of their Facilities. Set forth on **Exhibit D** to this Disclosure Document are the names, city and state, of every franchisee who had a Primrose® franchise terminated, cancelled, not renewed, or otherwise voluntarily or

involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us or our affiliates within 10 weeks of this Disclosure Document's issuance date.

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

**Confidentiality Agreements**. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, the former franchisee signs provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees but be aware that not all such franchisees will be able to communicate with you.

**Trademark–Specific Franchisee Organizations**. As of the date of this Disclosure Document, there are no trademark-specific franchisee organizations associated with the Primrose® franchise system.

## ITEM 21. FINANCIAL STATEMENTS

Attached as **Exhibit A** to this Disclosure Document are the audited balance sheets and income statements of our affiliate, PSFG, as of December 31, 2024, December 31, 2023 and December 31, 2022. PSFG guarantees the performance of our obligations under the Franchise Agreement. A copy of PSFG's Guaranty of our obligations is also attached as Exhibit A.

Also attached as **Exhibit A** to this Disclosure Document is the unaudited balance sheet and income statement of PSFG as of March 31, 2025. These financial statements are unaudited and include, in the opinion of management, normal recurring adjustments necessary to fairly state our financial condition as of that date. These financial statements have not been reviewed by an accountant and do not contain any financial statement notes.

## ITEM 22. CONTRACTS

**EXHIBITS**

B. State Specific Addenda to Franchise Disclosure Document
C. Franchise Agreement
   Exhibits:
   - B Internet Website Listings Agreement
   - C State-Required Addenda to Franchise Agreement
   - D Amendment to Franchise Agreement (Build To Suit Developer Lease Program)
   - E Amendment to Franchise Agreement (Permanent Lease Program)
   - F Amendment to Franchise Agreement (Independent Development Program)
   - G Amendment to Franchise Agreement (Site First Program)

G. Real Estate Development Agreement
H. Additional Real Estate Agreements
   - H.1. Subordination Agreement
   - H.2 Assignment and Assumption of Purchase and Sale Agreement
   - H.3 Memorandum of Acquisition Rights
   - H.4 Collateral Assignment of Tenant's Interest in Lease
   - H.5 Rent Guarantee Agreement

I. General Release
J. Development Agreement
K. Franchisee Disclosure Questionnaire

# Exhibit A
# to
# Franchise Disclosure Document

**FINANCIAL STATEMENTS**

**(attached)**

## GUARANTEE OF PERFORMANCE

For value received, PRIMROSE SCHOOL FRANCHISING GUARANTOR LLC, a Delaware limited liability company with a principal place of business at 3200 Windy Hill Road SE, Suite 1200E Atlanta, Georgia 30339 (the **"Guarantor"**), absolutely and unconditionally guarantees to assume the duties and obligations of PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company with a principal place of business at 3200 Windy Hill Road SE, Suite 1200E Atlanta, GA 30339 (the "**Franchisor**"), under (a) its franchise registration in each state where the franchise is registered and (b) its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as such Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until (i) all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or (ii) the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at 3200 Windy Hill Road SE, Suite 1200E Atlanta, GA 30339 on the 25th day of April, 2025.

**Guarantor:**

PRIMROSE SCHOOL FRANCHISING GUARANTOR LLC

By: _____

Name: Steven A. Clemente

Title: President

# Primrose School Franchising Guarantor LLC

**Financial Statements**
**As of December 31, 2024, 2023 and 2022**

# Primrose School Franchising Guarantor LLC
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## December 31, 2024 and 2023

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## Report of Independent Auditors

To the Management of Primrose School Franchising Guarantor LLC

### *Opinion*

We have audited the accompanying financial statements of Primrose School Franchising Guarantor LLC (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, of changes in member's equity and of cash flows for the years then ended December 31, 2024, 2023, and 2022, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years ended December 31, 2024, 2023, and 2022 in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

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

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

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 7, 2025

# Primrose School Franchising Guarantor LLC
## Balance Sheets
## December 31, 2024 and 2023

| | 2024 | 2023 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 6,000,000 | $ 6,000,000 |
| Total assets | $ 6,000,000 | $ 6,000,000 |
| **Liabilities** | | |
| Current liabilities | $ - | $ - |
| Total liabilities | - | - |
| **Member's Equity** | | |
| Contributed capital | | |
| Total member's equity | 6,000,000 | 6,000,000 |
| Total liabilities and member's equity | $ 6,000,000 | $ 6,000,000 |

The accompanying notes are an integral part of these financial statements.

# Primrose School Franchising Guarantor LLC
## Statements of Operations
## Years Ended December 31, 2024, 2023 and 2022

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Revenues** | | | |
| Revenue | $ - | $ - | $ - |
| Total revenues | - | - | - |
| **Operating expenses** | | | |
| Selling, general and administrative | | | |
| Total operating expenses | - | - | - |
| Operating income | - | - | - |
| **Other expenses** | | | |
| Interest expense | | | |
| Total other expenses | - | - | - |
| Net income | $ - | $ - | $ - |

The accompanying notes are an integral part of these financial statements.

# Primrose School Franchising Guarantor LLC
## Statements of Changes in Member's Equity
## Years Ended December 31, 2024, 2023 and 2022

| | Member's Equity |
|---|---|
| **Balance at December 31, 2021** | $ 6,000,000 |
| Member contributions | - |
| **Balance at December 31, 2022** | 6,000,000 |
| Member contributions | - |
| **Balance at December 31, 2023** | 6,000,000 |
| Member contributions | - |
| **Balance at December 31, 2024** | $ 6,000,000 |

The accompanying notes are an integral part of these financial statements.

# Primrose School Franchising Guarantor LLC
## Statements of Cash Flows
## Years Ended December 31, 2024, 2023 and 2022

| | 2024 | 2023 | 2022 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Net income | $ - | $ - | $ - |
| Net cash provided by operating activities | - | - | - |
| **Cash flows from financing activities** | | | |
| Contributions from member | | | |
| Net cash provided by financing activities | - | - | - |
| Net increase in cash | - | - | - |
| **Cash** | | | |
| Beginning of period | 6,000,000 | 6,000,000 | 6,000,000 |
| End of period | $ 6,000,000 | $ 6,000,000 | $ 6,000,000 |

The accompanying notes are an integral part of these financial statements.

## 1. Description of Business and Summary of Significant Accounting Policies

### Description of Business

Primrose School Franchising Guarantor LLC (the "Company") is a single member limited liability company organized in the state of Delaware and established on April 22, 2021. The Company is a direct, wholly owned subsidiary of Primrose School Franchising Company, LLC ("PSFC") which is an indirect, wholly owned subsidiary of Primrose Holding Corporation (the "Parent").

PSFC performs certain services on behalf of Primrose School Franchising SPE, LLC, a Delaware limited liability company ("Franchisor"), including, among other things, collecting franchisee payments, managing the operations on behalf of Franchisor, and performing certain franchising, marketing, real estate, intellectual property and operational and reporting services on behalf of the Franchisor. In exchange for providing such services, PSFC will be entitled to receive certain management fees on a monthly basis from Franchisor. Primrose School Franchising SPE, LLC is a franchisor of early childhood education schools throughout the United States which provides materials, training, curriculum guidelines, marketing services for its franchisees, and performs real estate site development.

On April 27, 2021, the Company received an initial contribution from PSFC of assets consisting of $6,000,000 in cash resulting in member's equity of $6,000,000.

The Company's fiscal year end is December 31.

### Guarantee of Performance

Primrose School Franchising Guarantor LLC absolutely and unconditionally guarantees to assume the duties and obligations of Franchisor, under (a) its franchise registration in each state where the franchise is registered and (b) its Franchise Agreement identified in its 2022-2024 Franchise Disclosure Document, as it may be amended, and as such Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until (i) all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or (ii) the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Company is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Company does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Company and its successors and assignees.

### Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles in the United States of America ("U.S. GAAP"). A separate statement of comprehensive income is required under Accounting Standards Update ("ASU") 2011-05. However, as net income is the only component of comprehensive income, the Company elected not to include a separate statement of comprehensive income because it would not be meaningful to the users of the financial statements.

### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Cash**
The cash is a highly liquid checking account. As of December 31, 2024 and 2023, cash consisted of funds on deposit with commercial banks that are insured by the Federal Deposit Insurance Corporation. At times, cash balances may exceed federally insured limits. However, the Company believes the risk of loss to be remote.

**Income Taxes**
The Company is composed of a single-member limited liability company for federal and state income tax purposes with all income tax liabilities and/or benefits of the Company being passed through to an indirect parent of the Company. As such, no recognition of federal or state income taxes for the Company have been provided for in the accompanying financial statements.

**Litigation**
The Company is subject to certain claims and lawsuits in the normal course of business. Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. The Company is not aware of any litigation or claims that we believe would have a material adverse effect on its financial condition or results of operations.

## 2. Related Party Transactions

As discussed in Note 1, the Company entered into the Guarantee of Performance agreement with Franchisor to perform guarantor services. Both entities are an indirect, wholly owned subsidiary of the Parent.

## 3. Subsequent Events

Management evaluated events occurring subsequent to December 31, 2024 through April 7, 2025, the date the consolidated financial statements were available for issuance and determined that no matters were identified affecting the Company’s financial position or that required further disclosure.

**THE FOLLOWING FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

Prirmose School Franchising Guarantor LLC
Balance Sheet
3/31/2025

| | |
|---|---|
| **Assets** | |
| Current assets | |
| Cash and cash equilavents | $ 6,000,000 |
| Total assets | $ 6,000,000 |
| **Liabilities** | |
| Current liabilities | $ - |
| Total liabilities | - |
| **Member's Equity** | |
| Contributed capital | 6,000,000 |
| Total member's equity | 6,000,000 |
| Total liabilities and member's equity | $ 6,000,000 |

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

Primrose School Franchising Guarantor LLC
Income Statement
Quarter Ended 3/31/2025

| | |
|---|---|
| **Revenues** | |
| Revenue | $ - |
| Total revenues | - |
| **Operating expenses** | |
| Selling, general and administrative | - |
| Total operating expenses | - |
| Operating income | - |
| **Other expenses** | |
| Interest expense | - |
| Total other expenses | - |
| Net income | $ - |

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

# Exhibit B
# to
# Franchise Disclosure Document

**STATE SPECIFIC ADDENDUM**

**(attached)**

**State Specific Addendum to Franchise Disclosure Document**
**for**
**California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, And Wisconsin**

The following provision applies only to franchisees and franchised Facilities that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and/or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

**State Specific Addendum to Franchise Disclosure Document**
**(California)**

In recognition of the requirements of the California Franchise Investment Law, California Corporations Code §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043, the Disclosure Document in connection with the offer and sale of franchises for use in the State of California is amended to including the following:

1. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner**.

2. Franchisees must sign a personal guarantee, making you and your spouse individually liable for your financial obligations under the agreement if you are married. The guarantee will place your and your spouse's marital and personal assets at risk, perhaps including your house, if your franchise fails.

3. The highest interest rate allowed by law for Late Payments in the State of California is 10% annually.

4. 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.

5. No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

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

7. The Franchise Agreement and Development Agreement contain provisions requiring application of the laws of Georgia. These provisions may not be enforceable under California law.

8. The Franchise Agreement and Development Agreement require binding arbitration. The arbitration will occur at the offices of our principal place of business (currently Atlanta, Georgia) or another suitable location chosen by us in the city where our headquarters is located, with the prevailing party's costs and expenses to be borne by the other party. 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.

9. The Franchise Agreement and Development Agreement contain a covenant not to compete that extends beyond the termination of the franchise. This provision many not be enforceable under California law.

10. The Franchise Agreement contains a liquidated damage clause. Under California Civil Code Section 1671, certain liquidated damage clauses are unenforceable.

11. Neither we nor any person in Item 2 of the Disclosure Document is subject to any currently-effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq*., suspending or expelling us or that person from membership in these associations or exchanges.

12. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document in a form and containing all information as the Commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

13. You must sign a general release when you renew or transfer your franchise or sign a superseding agreement. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (*see* California Corporations Code §§ 31000 through 31516). California Business and Professions Code § 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§ 2000 through 20043).

14. The Franchise Agreement and Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

15. The California Franchise Investment Law requires that we deliver a copy of all proposed agreements related to the sale of the franchise, together with the Disclosure Document.

16. Regarding our website, www.primroseschools.com, please note the following:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at www.dfpi.ca.gov.

**State Specific Addendum to Franchise Disclosure Document**
**(Hawaii)**

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

1. Item 17 shall be supplemented by the addition of the following language at the end of the Item:

> No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

2. Exhibit K (Franchisee Disclosure Questionnaire) to the Franchise Disclosure Document is hereby deleted in its entirety.

**State Specific Addendum to Franchise Disclosure Document**
**(Illinois)**

This Addendum modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of Illinois or a non-resident who will be operating a franchise in the State of Illinois as follows:

1. Illinois law governs the Franchise Agreement(s) and Development Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. 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.

## Illinois Addendum to Development Agreement

This Addendum to the Development Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC ("Franchisor") and [ENTITY] to amend and revise said Development Agreement as of the same date as follows:

1. Illinois law governs the Development Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. 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.

5. The Franchisor has no obligation to resolve any conflicts that arise between Primrose® franchisees or between franchisees of Franchisor's affiliated companies.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**State Specific Addendum to Franchise Disclosure Document**
**(Indiana)**

The following addendum modifies and supersedes the Franchise Disclosure Document with respect to franchises offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a franchise in the State of Indiana as follows:

1. Item 3 is amended by adding the following:

   "We are not involved in any pending arbitration and have not, during the ten-year period immediately preceding the date of this Disclosure Document, been a party to any arbitration proceeding."

2. In Item 17, under the subheadings "Requirements for you to renew or extend" and "Conditions for our approval of transfer", each of the items pertaining to these subheadings is amended by deleting the requirement that Franchisee sign a release.

3. Item 17 is modified by adding to the end of such Item the following:

   "The Indiana Deceptive Franchise Practices Law (Indiana Code 23-2-2.7 et seq.) in general governs the relationship between the franchisor and the franchisee by forbidding certain provisions in the franchise agreement and related documents and by preventing the franchisor from engaging in certain acts and practices which could be considered coercive or oppressive to the franchisee. If any of the provisions of the Franchise Agreement, Development Agreement, or the REDA conflict with this law, this law will control."

   "The Franchise Agreement and Development Agreement provide that suit must be brought in the state where our principal place of business is located at the time of suit. The REDA provides that suit must be brought in the State of Georgia. These provisions may not be enforceable under Indiana law."

   "Indiana franchise laws will govern the Franchise Agreement, Development Agreement, and the REDA and any and all other related documents."

The provisions of this Addendum only apply if the jurisdictional requirements of the Indiana Franchise Law or the Indiana Deceptive Franchise Practices Law, as applicable, are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

**State Specific Addendum to Franchise Disclosure Document**
**(Maryland)**

This Addendum modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the State of Maryland as follows:

1. The following is added to the end of Item 5:

   Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have posted a surety bond in the amount of $750,000 for the benefit of all Maryland residents purchasing a franchise from us. The surety bond is on file with the Maryland Securities Division and is attached to this addendum.

2. Item 17, under the subheading "Renewal or extension of the term," for the Franchise Agreement is modified as follows:

   "You must execute and deliver a general release, in a form satisfactory to us, of any and all claims against us and any of its subsidiaries and affiliates, and our respective officers, directors, agents, shareholders, and employees, excluding only such claims as you may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., §§ 14-201 through 14-233);"

3. Item 17, under the subheading "Termination by us with cause," is modified by the addition of the following language:

   "Our right to terminate the Franchise Agreement, the Development Agreement, and REDA for the reasons stated in this paragraph may not be enforceable under the U.S. Bankruptcy Code (11 U.S.C. §101, et seq.)."

4. Item 17, under the subheading "Conditions for our approval of transfer," for the Franchise Agreement and Development Agreement is modified by the addition of the following language:

   "You must execute a general release, in a form satisfactory to us, of any and all claims against us and any of its affiliates, and our respective officers, directors, shareholders, agents, and employees, in their corporate and individual capacities, excluding only such claims as you may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., §§ 14-201 through 14-233);"

5. Item 17, under the subheading "Dispute resolution by arbitration or mediation," is modified by the addition of the following language:

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

6. Item 17, under the subheading "Choice of forum," is modified by the addition of the following language:

"You may bring a lawsuit in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law."

7. The following is added to the Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of us. This provision supersedes any other term of any document executed in connection with the franchise.

Do not sign the Franchisee Disclosure Questionnaire that is attached as Exhibit K to the Franchise Disclosure Document.

BOND NO. 800049934

**STATE OF MARYLAND**
**SECURITIES DIVISION**
**FRANCHISOR SURETY BOND**

**KNOW ALL MEN BY THESE PRESENTS, THAT**

Primrose School Franchising SPE, LLC
(Name of Franchisor)

a LLC
(Description or form of business organization, including State of Incorporation), with business offices at

3200 Windy Hill Road, SE Suite 1200E, Atlanta, GA 30339
(Address)

as Principal, and Atlantic Specialty Insurance Company (Name of Surety) a corporation duly organized under the laws of the State of New York and authorized to do business in the State of Maryland, as Surety, are hereby held and firmly bound to the State of Maryland, in the sum of Seven Hundred Fifty Thousand and No/100---------- Dollars ($ 750 ,000.00). For the payment of this sum, Principal and Surety bind themselves, their representatives, successors and assigns, jointly and severally by these presents.

WHEREAS, Principal has applied for registration as a franchisor to offer and sell franchises in Maryland, as required under the Maryland Franchise Registration and Disclosure Law, Title 14, Subtitle 2, Business Regulation Article, Annotated Code of Maryland, (2010 Repl. Vol.) (the Maryland Franchise Law); and

WHEREAS, Principal executes this surety bond under §14-217 of the Maryland Franchise Law, as a condition of its registration to offer and sell franchises in Maryland;

NOW, THEREFORE, the Principal agrees as follows:

1. Principal shall obey all applicable rules, regulations and statutes of the State of Maryland, now or hereafter existing and all other applicable laws now or hereafter existing, affecting or relating to the offer or sale of franchises and area franchises.

2. Principal shall in all respects be bound to any and all applicable requirements and provisions required to be in this bond by existing and future statutes, rules and regulations of the State of Maryland, and laws, the same as though such requirements and provisions were fully set forth in this bond, and by reference such requirements and provisions are made a part hereof.

3. Principal shall in all respects be bound to perform and fulfill, up to and until the time at which a franchisee's or subfranchisor's business is fully operational, all undertakings, covenants, terms, conditions and agreements of any contract, or of any modification to a contract duly authorized by the parties to the contract, that the Principal makes with these franchisees, or subfranchisors.

4. This bond is for the benefit of the State of Maryland and all persons purchasing franchises and area franchises from Principal.

5. This bond shall become effective at Midnight (time of day) on November 13, 2019 (date)
It may be cancelled by Surety and Surety relieved of liability with respect to a franchise agreement entered into by Principal after the effective date of cancellation. Cancellation is effective 90 days after the Maryland Securities Commissioner and Principal receive written notice from Surety of cancellation. Notwithstanding any such cancellation, coverage under this bond remains effective with respect to any franchise agreements entered into by Principal prior to the effective date of cancellation.

Atlantic Specialty Insurance Company
(Name of Surety)

By: _____
(Signature of Attorney in Fact)
D-Ann Kleidosty, Attorney-in-Fact

Primrose School Franchising SPE, LLC
(Name of Franchisor)

By : _____
(Signature of Officer, Partner, or Sole Proprietor)

**********

Approved as to form:

_____
Assistant Attorney General

_____
Date

**INSTRUCTIONS:**

1. This side is to be completed by a notary public for both the Principal and the Surety.

2. Please attach the Power of Attorney and Certified Copy of the Corporate Resolution for the Surety listed herein.

STATE OF _____)
) ss. **ACKNOWLEDGMENT OF PRINCIPAL**
COUNTY OF _____)

**(INDIVIDUAL PROPRIETORSHIP)**

The foregoing instrument was acknowledged before me this _____day of _____, _____

by _____
(Name of Person Acknowledged)

**(CORPORATION)**

The foregoing instrument was acknowledged before me this _____ day of _____, _____

by _____, President of
(Name of Corporation President)

_____, a _____
(Name of Corporation) (State of Incorporation)
corporation, on behalf of the corporation.

**(PARTNERSHIP)**

The foregoing instrument was acknowledged before me this _____day of _____, _____

by _____, a partner on behalf of
(Name of Acknowledging Partner)

_____, a partnership.
(Name of Partnership)

_____
Notary Public

NOTARY SEAL Cty: _____ Comm. Exp: _____

STATE OF Georgia )
)ss. **ACKNOWLEDGMENT OF SURETY**
COUNTY OF Fulton )

The foregoing instrument was acknowledged before me this 13th day of November, 2019

by D-Ann Kleidosty, Attorney-in-Fact
(Name and Title of Officer or Agent)

of Atlantic Specialty Insurance Company,
(Name of Corporation Acknowledging)

a New York corporation, on behalf of the corporation.
(State of Incorporation)

MARIA CONCEPCION NOTARY PUBLIC FULTON COUNTY, GEORGIA MY COMMISSION EXPIRES AUGUST 23, 2021

_____
Notary Public

NOTARY SEAL Cty: Atlanta Comm. Exp: 4/23/2021

OneBeacon

# Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation with its principal office in Plymouth, Minnesota, does hereby constitute and appoint: **Gary D. Eklund, D-Ann Kleidosty, Sharon J. Potts, Maria Concepcion**, each individually if there be more than one named, its true and lawful Attorney-in-Fact, to make, execute, seal and deliver, for and on its behalf as surety, any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof; provided that no bond or undertaking executed under this authority shall exceed in amount the sum of: **sixty million dollars ($60,000,000)** and the execution of such bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof in pursuance of these presents, shall be as binding upon said Company as if they had been fully signed by an authorized officer of the Company and sealed with the Company seal. This Power of Attorney is made and executed by authority of the following resolutions adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the President, any Senior Vice President or Vice-President (each an "Authorized Officer") may execute for and in behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and affix the seal of the Company thereto; and that the Authorized Officer may appoint and authorize an Attorney-in-Fact to execute on behalf of the Company any and all such instruments and to affix the Company seal thereto; and that the Authorized Officer may at any time remove any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That the Attorney-in-Fact may be given full power and authority to execute for and in the name and on behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed and sealed by an Authorized Officer and, further, the Attorney-in-Fact is hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the signature of an Authorized Officer, the signature of the Secretary or the Assistant Secretary, and the Company seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing an Attorney-in-Fact for purposes only of executing and sealing any bond, undertaking, recognizance or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

IN WITNESS WHEREOF, ATLANTIC SPECIALTY INSURANCE COMPANY has caused these presents to be signed by an Authorized Officer and the seal of the Company to be affixed this twenty-ninth day of April, 2019.

ATLANTIC SPECIALTY INSURANCE COMPANY CORPORATE SEAL 1986 NEW YORK

By _____
Paul J. Brehm, Senior Vice President

STATE OF MINNESOTA
HENNEPIN COUNTY

On this twenty-ninth day of April, 2019, before me personally came Paul J. Brehm, Senior Vice President of ATLANTIC SPECIALTY INSURANCE COMPANY, to me personally known to be the individual and officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, that he is the said officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the seal of said Company and that the said seal and the signature as such officer was duly affixed and subscribed to the said instrument by the authority and at the direction of the Company.

MANDALY ANN LAMERE
NOTARY PUBLIC - MINNESOTA
My Commission Expires
January 31, 2023

_____
Notary Public

I, the undersigned, Secretary of ATLANTIC SPECIALTY INSURANCE COMPANY, a New York Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked, and the resolutions set forth above are now in force.

Signed and sealed. Dated 13th day of November 2019

ATLANTIC SPECIALTY INSURANCE COMPANY CORPORATE SEAL 1986 NEW YORK

This Power of Attorney expires
October 1, 2019

_____
Christopher V. Jerry, Secretary

## Maryland Addendum to Development Agreement

This Addendum to the Development Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC ("Franchisor") and [ENTITY] to amend and revise said Development Agreement as of the same date as follows:

1. Section 10 (Assignment) of the Development Agreement is amended to provide:

   "If Franchisor requires the Developer Parties or the transferees to execute a general release, such release will exclude claims such parties may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14-233)."

2. Section 12 (Incorporation of Other Terms) of the Development Agreement, which designated jurisdiction or venue in a forum outside the state of Maryland, is void with respect to any cause of action which is otherwise enforceable in Maryland.

3. Section 12 (Incorporation of Other Terms) of the Development Agreement, will be supplemented by the addition of the following to the end of the paragraph therein:

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

4. Franchisor has filed an irrevocable consent to service of process in Maryland and a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $750,000 from Atlantic Specialty Insurance Company. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached to Exhibit B of our Franchise Disclosure Document.

Although Franchisor furnishes the information contained in this Maryland Addendum to Franchise Agreement to every prospective Franchisee who is potentially protected under the Maryland Franchise Registration and Disclosure Law, Franchisor does not submit itself to the jurisdiction under the Maryland Franchise Registration and Disclosure Law merely by furnishing this Addendum. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum, and to the extent such provision is a then valid requirement of the statute.

To the extent this Addendum is inconsistent with any terms or conditions of the Development Agreement or the attached Exhibits, the terms of this Addendum shall govern.

[Signature Page Follows]

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**State Specific Addendum to Franchise Disclosure Document**
**(Minnesota)**

This Addendum to the Franchise Disclosure Document modifies and supersedes the Disclosure Document with respect to franchises offered or sold to either a resident of the state of Minnesota or a non-resident who will be operating a franchise in the state of Minnesota as follows:

1. Item 13 is hereby modified by the addition of the following to the end of the fourth paragraph therein:

   "As provided in Minn. Stat. § 80C.12, Subd. 1(g), we will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of our name."

2. Item 17 which designates jurisdiction or venue in a forum outside the State of Minnesota is deleted. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition nothing in the Disclosure Document, the Franchise Agreement, or the Development Agreement can abrogate or reduce (i) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (ii) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

3. Item 17 is hereby modified to say, with respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

4. Item 17 of the Franchise Disclosure Document is titled, "Requirements for you to renew or extend" for the Franchise Agreement and Development Agreement is hereby modified by the addition of the following to the end of the paragraph therein:

   "The general release shall exclude only such claims as the Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

5. Item 17 of the Franchise Disclosure Document titled, "Conditions for our approval of Transfer" for the Franchise Agreement and Development Agreement is hereby modified by the addition of the following to the end of the paragraph therein:

   "The general release shall exclude only such claims as the Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

6. The Franchise Disclosure Document is hereby modified by the addition of the following statement:

"According to Minnesota law, you cannot waive any rights under the Minnesota Franchises Law. As provided in Minn. Rules 2860.4400J, you cannot consent to our obtaining injunctive relief. We may seek injunctive relief.

Any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5."

The provisions of this Addendum only apply if the jurisdictional requirements of the Minnesota Franchises Law and the rules promulgated thereunder are met independently without reference to this Addendum and to the extent they are then valid requirements of the statute.

## Minnesota Addendum to Development Agreement

This Addendum to the Development Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC ("Franchisor") and [ENTITY] to amend and revise said Development Agreement as of the same date as follows:

1. Section 10 (Assignment) of the Development Agreement is hereby modified by the addition of the following to the end of the paragraph therein:

   "Any general release shall exclude only such claims as Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

2. Section 12 (Incorporation of Other Terms) of the Development Agreement is amended to add:

   Any term that designates jurisdiction or venue in a forum outside the state of Minnesota is deleted. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Development Agreement can abrogate or reduce (i) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (ii) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. According to Minnesota law, Franchisee cannot waive any rights under the Minnesota Franchises Law. As provided in Minn. Rules 2860.4400J, Franchisee cannot consent to Primrose Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. In addition, any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Development Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**State Specific Addendum to Franchise Disclosure Document**
**(New York)**

In recognition of the requirements of the General Business Law of the State of New York, Article 33, §§ 680 through 695, the Disclosure Document for use in the State of New York is amended as follows:

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

   **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3 of the Disclosure Document:

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

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

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

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

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

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

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

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"** for the Franchise Agreement and Development Agreement:

   You may terminate the Franchise Agreement or Development Agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"** for the Franchise Agreement and Development Agreement:

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

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

7. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

**State Specific Addendum to Franchise Disclosure Document**
**(North Dakota)**

The Securities Commissioner of North Dakota 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 the arbitration of the disputes at a location that is remote from the site of the franchisees' 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 they are to 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 & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

H. General Release: Franchise agreements that require the franchisee to sign a general release upon renewal of the Franchise Agreement.

I. Limitation of Claims: Franchise agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

**State Specific Addendum to Franchise Disclosure Document**
**(Rhode Island)**

In recognition of the requirements of the Rhode Island Franchise Investment Act, §§ 19-28.1-1 through 19-28.1-34, the Disclosure Document for use in the State of Rhode Island is amended as follows by adding the following language at the end of Item 17:

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

**State Specific Addendum to Franchise Disclosure Document**
**(Virginia)**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia is amended as follows:

Additional Disclosure. The following statements are added to Item 17.h.

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

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE DEVELOPMENT AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, the Development Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Entire Agreement**. The third sentence of Section 27 (Entire Agreement) of the Franchise Agreement is hereby deleted.

20. **Willful Misconduct or Gross Negligence**. Section 32.4 (Willful Misconduct or Gross Negligence) of the Franchise Agreement is hereby amended by deleting the phrase "gross negligence, willful misconduct, or willful wrongful omissions" and replacing it with "negligence, gross negligence, willful misconduct, willful wrongful omissions, strict liability, or fraud."

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

# Exhibit C
# to
# Franchise Disclosure Document

## FRANCHISE AGREEMENT

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

**FRANCHISE AGREEMENT**

*"The Leader in Early Education and Care"*®

**[FRANCHISEE ENTITY NAME]**

**[INDIVIDUAL NAMES]**

**PRIMROSE SCHOOL OF [SCHOOL NAME]**
**CITY, STATE**

**SCHOOL ID:**

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**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

**FRANCHISE AGREEMENT**

This Franchise Agreement (this "**Agreement**") is made as of the date specified on Exhibit A.1 (the "**Effective Date**") by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a limited liability company formed and operating under the laws of the State of Delaware and having its principal place of business located at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, Georgia 30339 ("**Franchisor**"), and the franchisee specified on Exhibit A.1, whose principal business address is also listed on Exhibit A.1 ("**Franchisee**").

**RECITALS:**

A. Franchisor and its affiliates, over a period of time and as a result of the expenditure of time, skill, effort and money, have developed and own a distinct system (the "**System**"), identified by the Primrose® and Primrose Schools® marks relating to the establishment, development and operation of school facilities to deliver early education and child care services, all targeted for children ages six weeks to twelve years of age, all of which may be changed, improved or further developed by Franchisor or its affiliates from time to time;

B. The distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, layout and color scheme (collectively, the "**Trade Dress**"); exclusively designed signage, decorations, equipment, furnishings and materials; specialized educational equipment, programs, and materials; the Primrose® Confidential Operations Manuals (the "**Confidential Manuals**"); uniform operating methods, procedures and techniques; other confidential operations procedures; and methods and techniques for inventory and cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising; all of which may be changed, improved and further developed by Franchisor or its affiliates from time to time;

C. Franchisor uses and licenses others to use, with all of the goodwill connected thereto, the service marks Primrose® and Primrose Schools® and such other trade names, trademarks, service marks, logos and commercial symbols as are now designated (and may hereafter be designated in writing by Franchisor) as an integral part of the System (all of which are sometimes referred to herein as the "**Mark(s)**");

D. An "**Owner"** is a corporation, partnership, trust, or limited liability company ("**Entity**") or individual (such as a partner, shareholder, trustee, or member) with a direct or indirect legal or beneficial ownership interest in Franchisee. A list of all Owners of Franchisee is attached as Exhibit A.1 to this Agreement. The individual Owner who Franchisee must appoint to have authority over all business decisions related to its business and to have the power to bind it in all dealings with Franchisor will be referred to as its **"On-Site Owner"**;

E. Franchisee may elect to have corporation, partnership, or limited liability company owned in whole or in part by (i) one or more Owners or (ii) an individual of majority age who is related by blood, adoption, or marriage to an Owner (such Entity shall be referred to as a "**Real Estate Affiliate**") lease the real property and improvements included in the Facility (as defined below) to Franchisee; and

F. Franchisor grants to qualified entities franchises to own and operate Primrose® learning, recreational, and child care facilities that provide authorized services and activities

utilizing the System and the Marks ("**System Facilities**" or "**Facilities**"), and Franchisee desires to operate a System Facility under the System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other set forth in this Agreement, hereby agree as follows:

1. APPOINTMENT AND FRANCHISE FEE

1.1 Grant of License. Franchisor hereby grants to Franchisee, upon the terms and conditions herein contained, the right, license and privilege to use the Marks and the System solely in connection with Franchisee's operation of a learning, recreational and child care center (hereinafter referred to as the "**Facility**") at the site specified in Exhibit A.3 or otherwise specified in writing by Franchisor. The term Facility includes the real property, improvements and fixtures at such location, and all other assets used in Franchisee's business in connection with the operation of the Facility. Franchisee hereby accepts such license and shall operate its Facility in accordance with the System, as it may be changed, improved and further developed by Franchisor and its affiliates from time to time, for the entire term.

1.2 Development Area and Designated Area.

(a) Development Area. If a site for the Facility has not yet been specified in Exhibit A.3 as of the date of this Agreement, Franchisee must locate the Facility within the temporary development area described in Exhibit A.2 (the "**Development Area**"). Until the earlier of the second anniversary of the Effective Date (the "**Second Anniversary**") or the date the Facility opens (the "**Opening Date**"), (i) Franchisor and its affiliates will not establish, or license others to establish, other System Facilities (other than Primrose on Premise Locations, as defined in Section 1.2(c) (Primrose on Premise Locations)) in the Development Area, and (ii) Franchisor will not have the right to unilaterally modify the Development Area, as long as Franchisee is in compliance with this Agreement. Beginning on the earlier of the Second Anniversary or the Opening Date, (a) Franchisee will have no exclusive or protected rights with respect to the Development Area, (b) Franchisor will have the right, in its sole discretion, to adjust the boundaries of the Development Area for any reason at any time, and/or (c) Franchisor or its affiliates may establish, or license others to establish, other System Facilities in the Development Area. When a site in the Development Area has been approved by Franchisee and accepted by Franchisor in accordance with Section 3.3(b) (Acceptance of Site), Franchisor shall insert the accepted site into Exhibit A.3 or otherwise designate the accepted site in writing. Once the Facility opens, the Development Area shall cease to exist.

(b) Designated Area.

(i) Designation. Between the second anniversary of the Opening Date and the date that is six months after the second anniversary of the Opening Date, Franchisee may request in writing that Franchisor designate a protected territory around the Facility (the **"Designated Area"**). Within 90 days of receiving Franchisee's request, Franchisor shall determine, in its sole discretion, the boundaries of the Designated Area, which Franchisor shall set forth in Exhibit A.4 or otherwise in writing. The "Designated Area" will not include any existing or potential Primrose on Premise Locations that are located within the boundaries of the area that Franchisor specifies as the Designated Area. If Franchisee does not make a timely written request for the designation of a Designated Area, Franchisor shall not be obligated to establish a

Designated Area. However, Franchisor may, in its sole discretion, designate a Designated Area (even if not requested by Franchisee) at any time after the earlier of (a) the second anniversary of the Opening Date or (b) the date on which the Facility achieves an actual enrollment of at least 75% of its actual capacity on a full-time-equivalency basis at such Facility as determined by Franchisor. Franchisee may relocate its Facility anywhere within the Designated Area, but only with the prior approval of Franchisor and no such relocation will result in an adjustment of the Designated Area unless Franchisor consents in writing to, or requires, such adjustment.

(ii) Modification of Designated Area. In the event Franchisee is granted a successor term or a Control Transfer (as defined in Section 19.2 (By Franchisee)) occurs, Franchisor may redefine the Designated Area if such territory does not comply with Franchisor's then-current standards for determining territories for new franchisees. In addition, Franchisor reserves the right to adjust the Designated Area from time to time if, in Franchisor's sole discretion, the population and demographics of the Designated Area change to enable the Designated Area or any portion thereof, to support another System Facility. If Franchisor modifies the Designated Area at any time other than when a successor term is granted, Franchisor will (a) give Franchisee 30 days' written notice of such change, which notice shall set forth Franchisee's adjusted Designated Area and, (b) provided that Franchisee satisfies Franchisor's then-current qualifications and standards for new franchisees and Franchisee has fully complied with this Agreement, offer Franchisee the option to purchase the new Primrose® franchise which Franchisor proposes to service all or any portion of Franchisee's original Designated Area. Any such purchase shall be pursuant to the terms contained in Franchisor's then-current Franchise Agreement, which must be executed by Franchisee prior to the end of such 30-day period. If Franchisee does not execute such then-current Franchise Agreement within that 30-day period, Franchisor may then open or sell franchises for the operation of System Facilities within the portion of the original Designated Area that is not included in the adjusted Designated Area. In any event, effective as of the end of such 30-day period, the Designated Area shall be adjusted as set forth in the notice from Franchisor to Franchisee described above.

(c) Primrose on Premise Locations. A "**Primrose on Premise Location**" is a System Facility operated within a building, complex, or campus (a "**Host Facility**") in which the owners, developers, or tenants of such Host Facility (the "**Hosts**") enter into one or more agreements with Franchisor, its affiliates, and/or the operator of the System Facility (the "**Primrose Parties**") in which at least 50% of the seats in the System Facility are reserved for children of parents employed by or otherwise affiliated with or related to the Hosts ("**Host Clientele**"). For example, a Primrose on Premise Location could include, among other things, a System Facility in a Host Facility where 50% of the seats are reserved for (i) employees of one or more businesses or organizations, (ii) residents or employees of a residential development, (iii) members or employees of a church, or (iv) students or employees of an educational institution.

1.3 Exclusivity. Franchisor and its affiliates reserve all rights with respect to the Development Area and the Designated Area not expressly granted in this Agreement. Once the Designated Area is designated, so long as Franchisee is in full compliance with this Agreement, Franchisor and its affiliates will not operate, or grant to any other person the right to operate, another System Facility (other than Primrose on Premise Locations) within the Designated Area. Other than the previous sentence and the limited protected rights granted in the Development Area described in Section 1.2(a) (Development Area), Franchisor and its affiliates have the right

to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on Franchisee's Facility. For example, without limitation:

(a) Until the Second Anniversary, Franchisor or its affiliates shall have the right to operate, or license any other party to operate, a System Facility anywhere outside of the Development Area. For the avoidance of doubt, after the Second Anniversary until a Designated Area is designated, Franchisor or its affiliates shall have the right to operate, or license any other party to operate, a System Facility anywhere, including inside and outside of the Development Area.

(b) After the Designated Area has been designated, Franchisor or its affiliates shall have the right to operate, or license any other party to operate, a System Facility anywhere outside of the Designated Area.

(c) Franchisor or its affiliates may establish, or license any other party to establish, other franchises or company-owned outlets selling or offering services similar to those provided in a System Facility under a different trademark or service mark than the Marks anywhere, including in the Development Area or Designated Area.

(d) Franchisor or its affiliates may establish, or license any other party to establish, Primrose on Premises Locations anywhere, including in the Development Area or Designated Area.

(e) Franchisor, its affiliates, its franchisees, or its designees may advertise or promote any System Facilities or any goods or services identified by the Marks anywhere by any means, including in the Development Area or Designated Area.

(f) Franchisor or its affiliates may, or may license any other party to, advertise, promote, market, or sell goods or services identified by the Marks that are similar or identical to those provided in a System Facility anywhere, including in the Development Area or Designated Area, via any other channels of distribution, including the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

1.4 Initial Franchise Fee. Franchisee shall pay to Franchisor an initial franchise fee equal to the amount specified on Exhibit A.1 upon execution of this Agreement (the "**Initial Fee**"). The Initial Fee will be deemed fully earned when paid. The Initial Fee is nonrefundable, in whole or in part, except as set forth in Section 3.6 (Failure to Locate or Develop a Site) and 5.3 (Termination of Agreement). If Franchisor does refund a portion of the Initial Fee, as a condition of such refund, Franchisee must execute a general release, in a form that Franchisor prescribes, of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees.

## 2. TERM AND SUCCESSOR TERMS

2.1 Initial Operating Term. This Agreement shall be effective and binding from the Effective Date through 10 years after the Opening Date for the Facility (**"Operating Term"**).

2.2 Successor Terms. After the Operating Term, Franchisee shall have the option to obtain two additional ten-year successor terms provided that the conditions below are fulfilled on or prior to the expiration of the Operating Term or the expiring successor term, as applicable:

(a) Franchisee and its affiliates have complied in all respects with this Agreement and any other agreement to which Franchisee and/or such affiliates and Franchisor (or its affiliates) are parties;

(b) Franchisee maintains possession of the Facility and by the expiration date of this Agreement has brought the Facility into full compliance with the specifications and standards then applicable for new System Facilities, and presents evidence satisfactory to Franchisor that it has the right to remain in possession of the Facility premises for the duration of any successor term; or, in the event Franchisee is unable to maintain possession of the premises, or, if in the judgment of Franchisor, the Facility should be relocated, Franchisee shall have secured substitute premises approved in writing by Franchisor and has constructed, furnished, stocked and equipped such premises to bring the Facility at its substitute premises into full compliance with the then-current specifications and standards by the expiration date of this Agreement;

(c) Franchisee has given notice of its intention to enter into a successor term at least six months, but not more than 12 months, prior to the expiration of the Operating Term or the expiring successor term, as applicable;

(d) Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates, and has timely met these obligations throughout the term of this Agreement;

(e) Franchisee has executed Franchisor's then-current form of Franchise Agreement, which agreement shall supersede in all respects this Agreement and the terms of which may differ from the terms of this Agreement, including a higher percentage Royalty Fee and Brand Fund Fee and an adjusted Designated Area, and a related successor term addendum;

(f) Franchisee has complied with Franchisor's then-current qualification and training requirements (including the payment of the then-current successor term training fee, which is currently $5,000 for two Owners and $1,500 for each additional Owner but may be increased in any calendar year by up to 25% of the then-current fee);

(g) Franchisee, its Owners, and its Real Estate Affiliate have executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its affiliates, and their respective officers, directors, agents and employees; and

(h) Franchisee has paid to Franchisor a successor term fee equal to 10% of Franchisor's then-current Initial Fee for existing franchisees purchasing a new System Facility.

2.3 Required Notice. Franchisee shall give Franchisor written notice of its election to enter or not enter into a successor term at least six months, but not more than 12 months, prior to the expiration of the Operating Term or the expiring successor term, as applicable. If Franchisee elects not to enter into a successor term, such notice shall specify the reason(s) for not entering into a successor term. Franchisee acknowledges that its failure to provide such notice at least six months, but not more than 12 months, prior to the expiration of the Operating Term or the expiring successor term shall constitute an Event of Default pursuant to Section 17.1 (Events of Default).

3. THE FACILITY

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements may be owned by a Real Estate Affiliate, an unrelated third-party developer (a "**Developer**"), Franchisor, or an affiliate of Franchisor.

3.2 Development by Real Estate Affiliate. If Franchisee intends for Franchisor to perform certain services relating to the selection and development of the site for the Facility and Franchisor agrees to do so, at the same time this Agreement is executed, Franchisee shall execute (and, if applicable, cause Real Estate Affiliate to execute) Franchisor's standard form of Real Estate Development Agreement (the "**REDA**"). Franchisee shall provide an executed REDA to Franchisor on or prior to the Effective Date. The site for the Facility shall be selected, accepted, and developed in accordance with the provisions of the REDA, as applicable, and the Facility shall be constructed as therein provided. If, but only to the extent that, the provisions of this Agreement and the provisions of the REDA, as applicable, are in direct conflict, the provisions of this Agreement shall control.

3.3 Development by Franchisee. If Franchisor, in its sole discretion, agrees in writing to allow Franchisee to develop the site without executing the REDA, as applicable, Franchisee will accept, acquire, and develop the site in accordance with this Section 3 (The Facility) and the development processes and policies that Franchisor specifies, which Franchisor may modify from time to time in its sole discretion. Real Estate Affiliate or Franchisee (as dictated by Franchisor) shall pay Franchisor a real estate fee equal to $70,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)). Real Estate Affiliate or Franchisee shall pay $25,000 of the Real Estate Fee on the Effective Date and the remaining $45,000 at the Closing (as defined in Section 3.3(d)(vii)). If Real Estate Affiliate or Franchisee (a) executes a Construction Contract (as defined in Section 3.3(i)(iii)) within eight weeks after Franchisor or its architect provides notice that it or they have begun soliciting construction bids, (b) selects a lender within 45 days after Franchisor provides written notice requesting that Real Estate Affiliate or Franchisee begin the process of securing Construction/Permanent Financing (as defined in Section 3.3(i)(ii)), and (c) closes on the Construction/Permanent Financing on terms reasonably satisfactory to Franchisor within 30 days after execution of the Construction Contract, the payment due at Closing shall be reduced to $30,000.

(a) Identification of Site. Unless Franchisee has already selected a site prior to executing this Agreement that is acceptable to Franchisor, Franchisee will seek, evaluate, and review potential sites within the Development Area for the location of a System Facility. When Franchisee determines that a site is acceptable to Franchisee and that it would like to propose the site to Franchisor, Franchisee shall prepare a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located, all of which shall be promptly provided by Franchisee to Franchisor in a form acceptable to Franchisor. By submitting the SLA to Franchisor, Franchisee acknowledges and represents that Franchisee (w) is aware that the actual purchase price of the site may be higher or lower than anticipated, (x) is responsible for determining and paying any common area maintenance charges related to the

site, (y) is able to fund the initial cash injection necessary to obtain a loan to develop a Facility at the site, and (z) will still be responsible for securing a loan to develop a Facility at the site, if the actual purchase price is higher than anticipated.

(b) Acceptance of Site. Upon Franchisor's review of the SLA prepared by Franchisee, Franchisor may accept or reject the proposed site in writing in its sole discretion. If accepted by Franchisor, Franchisor will insert the address of the site into Exhibit A.3 or otherwise designate the accepted site in writing. If for any reason a proposed site is not accepted by Franchisor, then Franchisee shall seek a substitute site within the Development Area for acceptance by Franchisor. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site is to merely determine whether the site meets Franchisor's criteria, (iii) **Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose® franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind,** and (iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site. Franchisor makes no representations, warranties or guarantees to Franchisee or Real Estate Affiliate relating to the site.

(c) Purchase Agreement. If Franchisor accepts the site, then Franchisee shall endeavor to place such site under a purchase agreement on terms acceptable to Franchisee ("**Purchase Agreement**"). Franchisee may not enter into a lease or purchase agreement for any other site other than a site that Franchisor has accepted.

(d) Site Development Services. Upon execution of a Purchase Agreement associated with a site, Franchisee, at its expense, will perform the following acts in regard to such site. Some of the action in this Section 3 (The Facility) will need to be taken by Real Estate Affiliate, and Franchisee shall cause Real Estate Affiliate to take such action required under this Agreement.

(i) Cause to be obtained a Phase I Environmental Report ("**Environmental Report**") and obtain such review thereof as necessary;

(ii) Cause to be obtained a soils report in regard to the site, and have the same reviewed by the National Architects (as defined in this Agreement);

(iii) Cause to be obtained a title commitment ("**Title Commitment**") from a title insurance company licensed to do business in the state where such site is located;

(iv) Provide Franchisor's current form of Subordination Agreement (as defined in Section 3.4(a) (Required Agreements)) to Franchisee's and/or Real Estate Affiliate's lender at the commencement of Franchisee's discussions with such lender and which the lender must execute pursuant to Section 3.5 (Ownership and Financing of Facility);

(v) Provide Franchisee's and/or Real Estate Affiliate's lender with requested information in order to facilitate the lender in obtaining an appraisal of the Facility on the site;

(vi) Provide such assistance as an architect or civil engineer (both of whom must be approved by Franchisor) may reasonably request, in order for the architect or civil

engineer to obtain a letter or authorization from the local government authority which issues building permits in which such site is located, stating that a building permit is available to be issued, subject to such conditions as may be set forth in such letter ("**Building Permit Authorization**"). Franchisee acknowledges that it is its responsibility (with the assistance of the architect or engineer) to obtain such Building Permit Authorization, and that there is no guarantee that such Building Permit Authorization can be obtained;

(vii) Coordinate all necessary closing documents with Franchisor and Franchisee's and/or Real Estate Affiliate's lender in regard to the closing of the Purchase Agreement between the seller of the site (the "**Seller**") and Real Estate Affiliate for the purchase of such site (the "**Closing**"). Franchisor shall have no responsibility for the Closing or liability for the failure of the Closing to occur for any reason; and

(viii) Take such action as is necessary to obtain a certificate of occupancy and the final acceptance by Franchisor. Except as provided in this Section 3 (The Facility), Franchisor will have no responsibilities whatsoever with respect to the site, acquisition of the site by Real Estate Affiliate or improvements constructed on the site.

(e) Franchisee's Architects. If Franchisee employs any architects to assist in the design of the Facility, Franchisor shall have the right to accept or reject such architects. Franchisor's acceptance of Franchisee's architects will not in any way be Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance.

(f) National Architects and Development Consultants. Franchisor has the right to designate one or more architects to develop prototype plans for all System Facilities and to review any adaptations of such plans for the Facility (the "**National Architects**") and any structural engineers, civil engineers, and other development consultants to monitor and advise Franchisor with respect to Franchisee's design, planning and construction of the Facility. Franchisor may require Franchisee to (i) enter into an agreement acceptable to Franchisor with the National Architects to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume Franchisor's contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the accepted site. The National Architects shall have the right, in their sole discretion, among other things, to: (a) approve or disapprove the final design of the Facility for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (b) approve or disapprove all proposed change orders requested by Franchisee; and (c) provide other architectural consulting services to Franchisor as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. Franchisee shall cause its architects, engineers, construction manager, other development consultants and contractors to (x) cooperate with such reviews and approvals, (y) provide Franchisor and the National Architects with such information as may be reasonably requested from time to time in furtherance thereof, and (z) comply with Franchisor's then-current requirements and specifications.

(g) Construction Manager. Prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (x) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (y) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (z) provide consulting services to

Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager for the Facility (which may be Franchisor, its affiliate, or a third party) or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance or designation of Franchisee's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance (unless otherwise specified in a separate construction management services agreement between Franchisor or its affiliate, as the designated construction manager, and Franchisee).

(ii) Franchisee must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted or designated construction manager to design and plan the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b) assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Franchisee shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Franchisee's assumption of the contract. In each case, Franchisee shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor or its affiliates. If Franchisor designates itself or its affiliate as the construction manager, Franchisee will be required to pay Franchisor's or its affiliate's then-current fee for such construction management services.

(h) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor that meets Franchisor's minimum standards, as specified from time to time, to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance. Franchisee shall direct and authorize its general contractor to provide to Franchisor any information requested by Franchisor related to the design and construction of the Facility.

(i) Closing Conditions. Upon Franchisee obtaining copies of the Environmental Report, Title Commitment, Site Plan, and the Building Permit Authorization, Franchisee will deliver copies of the same to Franchisor ("**Document Delivery Date**"). The Closing must take place within ten days of the Document Delivery Date or such later date as Franchisee may designate which is approved by Franchisor. However, Franchisee and/or Real Estate Affiliate must satisfy the following conditions at or prior to the Closing:

(i) Franchisee and/or Real Estate Affiliate must have provided Franchisor with a loan commitment letter in a form and substance reasonably satisfactory to Franchisor;

(ii) Franchisee and/or Real Estate Affiliate must have obtained construction and permanent financing for development of the Facility on terms reasonably satisfactory to Franchisor ("**Construction/Permanent Financing**");

(iii) Franchisee and/or Real Estate Affiliate must have entered into a construction contract ("**Construction Contract**") for construction of the Facility;

(iv) Franchisee must have paid to Franchisor the balance of the Real Estate Fee, the Initial Training Fee (as defined in Section 5.1 (Initial Training)), any Development Expenses owed (as defined in Section 3.9 (Site Development Expenses)), and any Additional Expenses owed (as defined in Section 3.15 (Payment of Additional Expenses)); and

(v) The Closing must take place under the Purchase Agreement and under any agreements related to the Construction/Permanent Financing. Immediately thereafter, Franchisee and/or Real Estate Affiliate agree to take all appropriate actions to initiate immediate construction of the Facility pursuant to Section 3.8 (Construction of Facility).

(j) Substitution of the Site. If at any time any site that has been located by Franchisee and accepted by Franchisor that has been placed under a Purchase Agreement by Franchisee is determined to be unfeasible by Franchisor or Franchisee for the development of a System Facility for any reason, including the inability of Franchisee to obtain a Building Permit Authorization, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 (Failure to Locate or Develop a Site) or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. If Franchisee leases such real property and improvements from a lessor other than Franchisor then, prior to entering into such lease, Franchisee and such lessor shall be required to execute Franchisor's then-current form of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's or Real Estate Affiliate's discussions with such potential lessor and lender.

(b) Lease or Sublease from Parties Other than Franchisor. Except where Franchisee leases the real property and improvements included in the Facility from Franchisor, (i) Franchisee must provide Franchisor with weekly updates regarding the status of its lease negotiations; (ii) Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility; (iii) Franchisee must provide Franchisor with the contact information for such attorney and direct, and execute any documents necessary to authorize, such attorney to communicate directly with Franchisor regarding the status of lease negotiation; and (iv) the form of any lease for such real property and improvements, or any renewal thereof, must be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's approval for the lease and execute the lease (x) within 60 days after the site is accepted by Franchisor, if it is the first lease for the Facility or (y) at least 10 days before the expiration or termination of the previous lease, if it is a subsequent or renewal lease for the Facility. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee does not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that Franchisee does not exercise such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (a) the business or economic terms of the transaction, (b) the potential profitability of a Facility at that site, or (c) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's and its affiliates' expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations, which will not exceed $500 per hour. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

(d) Lease or Sublease from Franchisor. Franchisor may, but is not obligated to, lease or sublease the real property and improvements included in the Facility to Franchisee. In such case, Franchisee agrees to execute Franchisor's form lease or sublease. In the event of a sublease of such real property and improvements by Franchisor to Franchisee, Franchisor may charge a rent to Franchisee in excess of Franchisor's rent under its master lease agreement for such real property and improvements. Franchisee shall pay Franchisor promptly upon demand for all expenses incurred by Franchisor or its affiliates in preparing the final form of lease or sublease for such real property and improvements, including attorneys' fees, regardless of whether or not such lease or sublease is actually executed by Franchisee or Franchisor.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: (i) any Real Estate Affiliate owns or at any time proposes to purchase and own any or all of the real property and improvements included in the Facility, or (ii) Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such ownership or purchase described above, Franchisee and any affiliate, as applicable, must execute and deliver Franchisor's then-current form of Memorandum of Acquisition Rights, which may be modified as Franchisor deems appropriate to conform to state and local laws and customary practices. Prior to any such financing described above, any such lender shall be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in Section 3.4(a) (Required Agreements) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third-party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisee's lender may impose additional requirements on Franchisee as a condition of closing, such as requiring construction insurance. Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (A) the business or economic terms of the transaction, (B) the reasonableness of any terms or conditions imposed by the lender, (C) the potential profitability of a Facility at that site, or (D) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any purchase contract, loan agreement, mortgage and

related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement);

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisee fails to obtain Franchisor's prior written approval for the lease and execute the lease (x) within 60 days after the site is accepted by Franchisor, if it is the first lease for the Facility or (y) at least 10 days before the expiration or termination of the previous lease, if it is a subsequent or renewal lease for the Facility;

(v) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(vi) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee

requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, sales commissions, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor, Franchisee, or Real Estate Affiliate are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor or its affiliates, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after accepting the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for

approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) obtain all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise complete development of and have the Facility ready to open and operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Architectural Plans. All architectural plans and specifications and all modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review all architectural plans and modifications submitted to it by Franchisee. All copies of architectural plans and specifications of the Facility are the sole and absolute property of Franchisor, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such Facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If the contractor who is chosen to build the Facility will own the site on which the Facility will be located, prior to approving any architectural plans and specifications submitted by Franchisee, Franchisor may require that the contractor enter into an agreement whereby the contractor shall offer Franchisor an option to purchase the site and Facility on the same terms and conditions as it would be purchased by Franchisee or its affiliate, in the event that the sale of the site and Facility to such Franchisee or affiliate should not be consummated for whatever reason.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by Real Estate Affiliate or an approved Developer, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for engineering, environmental studies, soil samples, architectural fees, legal fees, travel and living expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor agrees to locate a substitute site pursuant to Section 3.3(g), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor the Development Expenses (a) at the Closing and, additionally, (b) within ten days after the date Franchisee is invoiced for such amount by Franchisor (such expenses may be invoiced at any time before or after the Closing for expenses incurred before or after the Closing). Franchisor may also have the right to require Franchisee to establish a reserve account with Franchisor, the purpose of which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisee must purchase and install signage for the Facility that meets Franchisor's specifications. Franchisor may require Franchisee to purchase all signage from approved vendors or a single source that Franchisor designates from time to time. Franchisee shall not use or display any temporary or permanent signage at the Facility that has not been approved by Franchisor in writing. If Franchisee would like to use or display any names or logos (other than the Marks designated by Franchisor in the precise formats that have been designated by Franchisor) in connection with the Facility or at the Site, Franchisee must obtain Franchisor's written consent prior to doing so.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and

Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs, or Trade Dress does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand 110% of Franchisor's and its affiliates' actual costs and expenses related to remedying such deficiencies.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term, except as otherwise provided in Section 19.2(c)(i)(g) in the event of a Control Transfer (as defined in Section 19.2 (By Franchisee)). If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's

default hereunder Franchisor is required to take any action, Franchisee shall promptly pay Franchisor its then-current per diem fee (which may not exceed $1,500 per representative per day) and Franchisor's and its affiliates' actual costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action (as well as any fees charged directly by such third parties to Franchisor) (collectively, the "**Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

## 4. GOODS, SERVICES, EQUIPMENT, AND VEHICLES

### 4.1 Approved Goods and Suppliers.

(a) Right to Set Requirements. In order to maintain the high standards of quality and safety desirable in operating a child care center, Franchisor may require Franchisee to make certain purchases for the establishment and continuing operation of the Facility and may change from time to time the items that are required. Franchisee recognizes that it is essential to the provision of quality educational, recreational, and child care services that only high-quality items and services, including furniture, fixtures, equipment, signs, playground equipment and materials, stationery and printed materials, office supplies, games, toys, academic curriculum materials, school supplies, food, cleaning supplies, kitchen supplies, items bearing the Marks (including clothing), Technology (as defined in Section 4.4(a) (Technology), services, and other supplies and products (collectively, "**Goods**") be used or offered in the Facility. Franchisor has the right to require that Goods that Franchisee purchases for resale or purchases or leases for use in its Facility: (i) meet specifications that Franchisor establishes from time to time; (ii) are a specific brand, kind, or model; (iii) are purchased or leased only from suppliers or service providers that Franchisor has expressly approved; and/or (iv) are purchased or leased only from a single source that Franchisor designates (which may include Franchisor or its affiliates or a buying cooperative or similar group buying arrangement organized by Franchisor or its affiliates). To the extent that Franchisor establishes specifications, requires approval of suppliers or service providers, or designates specific suppliers or service providers for particular items or services, Franchisor will publish its requirements in the Manuals or otherwise in writing. In addition, the following items have additional requirements and specifications:

(i) Toys and Academic Curriculum Materials. Franchisor will require that the original approved inventory of toys, academic curriculum materials, and related equipment and supplies be maintained in good, safe, and usable condition. Franchisee may be required to add new toys, academic curriculum materials, and related equipment and supplies to the inventory periodically. Franchisor also may require the purchase of new educational programs where such programs reflect significant advances in educational value, in the opinion of Franchisor. Franchisee must purchase replacement toys, academic curriculum materials, and related equipment that meet Franchisor's specifications from a vendor that Franchisor has approved. Specifications for, and approvals of, original, replacement and additional toys, academic curriculum materials, and related equipment and supplies are based upon such criteria as safety, durability, educational value and usability by the age group in question. Franchisor may require Franchisee to license academic curriculum materials, including programs, lesson plans, and other written or audio-visual materials in either a digital or hard copy format, from Franchisor or its affiliates. Upon written notice to Franchisee, Franchisor may require Franchisee to pay a reasonable license fee, as determined by Franchisor from time to time in its sole discretion, for such licensed academic curriculum materials, which currently ranges from $450 to $480 per classroom annually plus $1,400 to $1,600 per Facility. The license fee may be increased in any calendar year by up to 25% of the then-current fee.

(ii) Food. Franchisor's menu and snack standards are set forth in the Confidential Manuals. These standards must be followed in order to assure adequate nutrition for the children. Franchisor will assist in identifying quality food suppliers.

(iii) Insurance. Franchisee must purchase insurance and present appropriate insurance certificates to Franchisor for approval at a time that Franchisor designates prior to opening the Facility, as further described in Section 15 (Insurance) of this Agreement.

(iv) Cleaning Supplies. All of Franchisee's cleaning supplies shall be non-toxic. All cleaning supplies shall be stored in a secured place that is out of reach of children, as set forth in the Confidential Manuals.

(b) Permitted Offerings. Franchisee may offer in the Facility to customers only the products, services, programs, and classes ("**Offerings**") that Franchisor has approved in writing. In addition, Franchisee must offer the specific Offerings that Franchisor requires in the Manuals or otherwise in writing. Franchisor may change these specifications periodically, and Franchisor may designate specific Offerings as optional or mandatory. Franchisee must offer all Offerings that Franchisor designates as mandatory. Franchisee may sell Offerings only in the forms that Franchisor has approved in accordance with Franchisor's standards, including by implementing, at Franchisee's expense, any new curriculum, programs, or systems that Franchisor requires.

(c) Revenue from Purchases. Franchisee acknowledges and agrees that Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases, including from charging Franchisee for products and services Franchisor and its affiliates provide to Franchisee and from promotional allowances, volume discounts, and other payments made to Franchisor by suppliers and/or distributors that Franchisor designates or approves for some or all of its franchisees. Franchisor and its affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its affiliates deem appropriate. If Franchisee derives any revenue based on payments or promotional allowances received from suppliers and/or distributors, Franchisee must report to Franchisor the details of the arrangement and such revenue shall be included as part of Franchisee's Gross Revenues (as defined below).

4.2 Approval of Goods or Suppliers. Unless Franchisor specifies otherwise in writing, if Franchisee proposes to use any Goods or type or brand of Goods that are not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any Goods from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall upon request by Franchisor submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether the Goods or supplier meets its specifications and quality standards. Franchisor may require the proposed supplier to submit to Franchisor the methods and techniques used for testing of products or services it proposes to provide Franchisee for use in the Facility. Franchisee shall pay Franchisor promptly on demand all costs and expenses incurred by Franchisor in testing and approving any Goods or reviewing any supplier submitted by Franchisee, which may in Franchisor's discretion be charged at Franchisor's per diem rate (which will not exceed $1,500 per day), regardless of whether or not the proposed Goods or supplier are approved by Franchisor. Franchisor shall notify Franchisee within a reasonable time whether it approves the proposed Goods and/or supplier. Franchisor shall not unreasonably withhold its approval of Goods or suppliers.

4.3 Transportation Vehicles. Unless Franchisor determines using a vehicle is not required, only a vehicle that meets Franchisor's requirements may be used in the operation of the Facility, and such mandatory vehicle must be used to transport students. All vehicles used in the operation of the Facility ("**Vehicles**") must comply with all federal and state laws and regulations, including vehicle inspection and registration statutes, and must meet all of Franchisor's specifications. It will be the sole responsibility of Franchisee to investigate all applicable licensing, leasing, and other laws and requirements for the maintenance of all Vehicles and to ensure ongoing compliance with all such laws and requirements throughout the term of this Agreement. Franchisee may purchase or lease original or replacement Vehicles from any source provided they meet the applicable federal and state standards for the purchase and use of such Vehicles and meet Franchisor's specifications. All Vehicles must bear the Marks in the form and location as specified by Franchisor, and may not display any additional sales, advertising, or message without Franchisor's prior written approval. Vehicles must be used exclusively for the business of the Facility and primarily for transporting students of the Facility.

(a) Maintenance of Vehicles. Franchisee shall, at its expense, at all times during the term of this Agreement, maintain the interior and exterior of the Vehicles in good repair, attractive appearance, and safe operating condition. Maintenance includes a regular program for inspection, oil changes, tune-ups, and all other procedures to maintain or improve the appearance and safe, efficient operation of the Vehicles. Franchisee shall promptly make all necessary repairs to the Vehicles. Franchisee shall maintain complete records of maintenance procedures, including logs and receipts, as set forth in the Confidential Manuals. Franchisee may never use a Vehicle that is not in good condition and repair and/or which imposes any safety hazard to any person.

(b) Vehicle Drivers. Each person authorized to drive a Vehicle must have a valid driver's license from the state in which Franchisee's Facility is located, and shall have an acceptable driving record, as set forth from time to time in the Confidential Manuals. In no event shall any person drive any such vehicle without prior authorization of Franchisee and verification by Franchisee of the valid driver's license and acceptable driving record of said individual. Franchisee agrees that each person serving as a driver in connection with the provisions of transportation services shall have completed Franchisor's most current form of Driver Agreement before providing any driving services. In the event Franchisee assigns or delegates to any other person the right to provide transportation services in connection with the Facility, Franchisee shall be solely responsible to ensure that any such person, and any driver used by such person, complies with all of the terms of this Agreement with respect to the provision of transportation services.

4.4 Technology; Software.

(a) Technology. Franchisee must obtain, install, and use, at its own expense, the hardware, computer system, mobile devices, applications, software (including the Software defined in Section 4.4(b) (Software)), online services, and communications links (collectively, "**Technology**") that Franchisor specifies from time to time. Franchisee agrees to: (i) maintain on the computer system only the financial and operating data specified in the Confidential Manuals; (ii) use the Technology in accordance with Franchisor's policies and operational procedures; (iii) for the purpose of allowing Franchisor to independently access and download data, input data specified by Franchisor into software or applications specified by Franchisor, transmit data specified by Franchisor to Franchisor or the cloud in the form and at the times required by the Confidential Manuals, and/or give Franchisor unrestricted access to its computer system at all times (including users IDs and passwords, if necessary); (iv) maintain the Technology in good

working order at Franchisee's own expense; (v) replace or upgrade the Technology as Franchisor requires (but not more than once a year for the computer system); (vi) ensure that Franchisee's employees are adequately trained in the use of the Technology and the related policies and procedures; and (vii) ensure that the Technology, including its computer network, is compliant with the Privacy Requirements set forth in Section13.8(d) (Compliance with Privacy Requirements). Franchisee is solely responsible for the operation and maintenance of the Technology and for remedying any security breaches in accordance with Section13.8(d) (Compliance with Privacy Requirements). Franchisee acknowledges that hardware designs and functions change periodically and that Franchisor may desire to make substantial modifications to the Technology specifications or to require installation of entirely different Technology during the Operating Term.

(b) Software. Franchisee must purchase and use any software designated by Franchisor as required software (collectively, the "**Software**") and must enter into and maintain, at its expense, any related software maintenance agreements designated by Franchisor. Franchisor reserves the right to modify the Software from time to time, including by adding, removing, or modifying the designated components or software programs. Franchisee shall be obligated to adopt such modifications and incorporate them within its computer system within 30 days after its receipt of a notice of such modifications from Franchisor. The Software programs may be licensed or sublicensed to Franchisee by Franchisor, its affiliates, or third party vendors. Franchisee must execute any software license agreements required by Franchisor, its affiliates, or the licensor of the designated software.

4.5 No Liability. Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for use and purchase any service or item.

## 5. TRAINING AND ASSISTANCE

### 5.1 Initial Training.

(a) Initial Training and Opening Support. Franchisor shall make its initial training program, which includes new franchise owner orientation (collectively, "**Initial Training**"), available to the On-Site Owner and one additional Owner or other representative designated or approved by Franchisor. Franchisor, in its sole discretion, may require or permit the Facility director (the "**Director**") or additional Owners to attend Initial Training. If Franchisee operates more than two Facilities, a manager with the responsibility of supervising and supporting multiple Facilities (a "**Multi-School Manager**") must attend Initial Training. Initial Training may consist of, in Franchisor's sole discretion, one or more of the following: (i) in-person training at Franchisor's headquarters or at such other locations as Franchisor shall designate, (ii) self-paced online courses, webinars, readings, and accompanying assignments, and (iii) live or recorded online training programs. The On-Site Owner and any other Owners, Directors, or Multi-School Managers designated by Franchisor must attend, and successfully complete to Franchisor's satisfaction, the pre-opening components of Initial Training at least 16 weeks prior to opening for business (or at any time prior to purchasing an existing Facility from a transferring franchisee) and the post-opening components of Initial Training within 12 months after the opening or transfer.

(b) Initial Training Fee. Franchisee shall pay to Franchisor an initial training and opening support services fee of $35,000 (the "**Initial Training Fee**") for the Initial Training and opening support services (as described in Section 5.2 (Opening Assistance) that Franchisor will provide. Franchisor may reduce the Initial Training Fee to $18,000 if Franchisee or its Owners

are existing Primrose® franchisees and Franchisor, in its sole discretion, determines that Franchisee and its trainees are not required to attend Initial Training. Franchisee must pay an Initial Training Fee deposit of $5,000 upon signing this Agreement (unless Franchisee is eligible for the reduced Initial Training Fee) and must pay the balance at the Closing (as specified in this Agreement or the REDA, as applicable). If Franchisor requires or permits additional trainees to attend Initial Training (resulting in more than two trainees attending) or allows subsequent or replacement trainees to attend a subsequent Initial Training, Franchisor may charge a reasonable additional training fee for each additional attendee, which is currently $3,500 per trainee but may be increased in any calendar year by up to 25% of the then-current fee.

5.2 Opening Assistance. Prior to the opening of Franchisee's Facility, Franchisor will furnish to Franchisee, at Franchisee's premises or remotely via telephone or videoconference and at Franchisor's expense, at least one of Franchisor's representatives at certain times for the purpose of assisting with the opening of Franchisee's Facility. During this period, such representative will assist Franchisee in (i) establishing and standardizing procedures and techniques essential to the operation of a System Facility, (ii) training Franchisee to train its initial personnel, (iii) overseeing placement of equipment and supplies, (iv) completing the layout of the Facility, and (v) preparing for the grand opening of the Facility. If Franchisor, in its sole discretion, deems it necessary and appropriate to provide Franchisee with additional assistance beyond its standard level of assistance, Franchisee shall pay Franchisor its then-current per diem rate for such assistance (which will not exceed $1,500 per representative per day) and reimburse Franchisor for the costs and expenses incurred by Franchisor in providing such additional assistance.

5.3 Termination of Agreement. If Franchisor determines in its sole and reasonable discretion that the Owners who are required to attend are unable to complete satisfactorily Initial Training as described in Section 5.1 (Initial Training), as well as tasks assigned through the Initial Training and opening support process, Franchisor shall have the right to terminate this Agreement in the manner herein provided. If this Agreement is terminated pursuant to this Section 5.3, Franchisor may retain the Initial Fee and the Initial Training Fee deposit paid by Franchisee in addition to Liquidated Damages as defined in Section 3.6 (Failure to Locate or Develop a Site).

5.4 Refresher Training and Conferences. From time to time, Franchisor may, in its sole discretion, provide and may require one or more of Franchisee's Owners, Director, or employees, to attend an annual national conference and to attend and successfully complete refresher training programs, seminars, or workshops (collectively, with the national conference, "**Additional Programs**"), which may be conducted in-person or via webinar or teleconference at the times and the locations that Franchisor designates. Franchisor may require Franchisee to pay a registration fee for each attendee to attend Additional Programs, which currently ranges from $500 to $1,260 per trainee per program but may be increased in any calendar year by up to 25% of the then-current fee. For required attendees, Franchisee must pay the applicable registration fee whether or not such individual actually attends the Additional Program. Franchisor will not require an Owner, a Director, or Franchisee's other employees to attend more than two Additional Programs or more than ten business days of Additional Programs in any calendar year.

5.5 Employee Training. Franchisee is responsible for training all of its employees and for ensuring that its employees are continuously adequately trained to perform their services in connection with the operation of the Facility. All employees must have all certifications and credentials as required by applicable state laws and licensing regulations and by Franchisor, and must meet all continuing educational and child care training as may be required by applicable laws and by Franchisor from time to time, and it is Franchisee's sole responsibility to ensure such

compliance. If Franchisor determines that Franchisee is unable to provide the employee training required under this Section, Franchisor may, in its sole discretion, provide training to Franchisee's employees, and Franchisee shall pay Franchisor its then-current training fees, which will not exceed $1,500 per Franchisor representative per day, plus any costs and expenses Franchisor and its affiliates incur in providing such training.

5.6 Director and Multi-School Manager Training. Each Director must attend, within 12 months of the commencement of their employment with Franchisee, a training class held online or in-person at a location designated by Franchisor. In addition, if the Facility is already operating, each Multi-School Manager must successfully complete Initial Training within 30 days of assuming such position. Franchisor shall designate the timing of such training sessions. Franchisee shall pay Franchisor its then-current training fee, which is currently $3,500 per trainee but may be increased in any calendar year by up to 25% of the then-current fee.

5.7 Additional On-Site Assistance. If Franchisor, in its sole discretion, deems it necessary and appropriate to provide Franchisee with additional on-site assistance beyond its standard level of on-site assistance, Franchisee shall pay Franchisor its then-current rate for such assistance, which will not exceed $1,500 per representative per day, plus any travel and living expenses incurred by Franchisor and its affiliates in providing such additional on-site assistance. Scheduling of such additional assistance shall be at reasonable times subject to the availability of Franchisor's personnel.

5.8 Travel and Living Expenses. Franchisee is responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by its trainees during any training program.

## 6. INTELLECTUAL PROPERTY

6.1 Ownership of the Intellectual Property. Franchisee acknowledges and agrees that (a) Franchisor or its affiliates are the owners of (i) the Marks, (ii) the Trade Dress, (iii) any and all present or future copyrights relating to the System or System Facilities, including the Confidential Manuals, architectural and other plans, training materials, lesson plans, marketing materials, and other documents used in the development, construction, sale and operation of Franchises, or (iv) any trade secrets, methods, or procedures that are part of the System (collectively, the **"Intellectual Property"**); (b) Franchisee's right to use the Intellectual Property is derived solely from this Agreement; (c) Franchisee has no interest in the Intellectual Property beyond the nonexclusive license granted herein; (d) as between Franchisee or its affiliates and Franchisee, Franchisor and its affiliates have the exclusive right and interest in and to the Intellectual Property and the goodwill associated with and symbolized by the Marks and the Trade Dress; and (e) Franchisee may not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Intellectual Property or assist any other person in contesting the validity or ownership of any of the Intellectual Property. Upon the expiration or termination of this Agreement, no monetary amount will be attributable to goodwill associated with Franchisee's activities under this Agreement. All provisions of this Agreement applicable to the Intellectual Property apply to any additional trademarks, service mark, commercial symbols, copyrights, and other intellectual property authorized for Franchisee's use and licensed to Franchisee by Franchisor after the Effective Date.

6.2 Use of the Intellectual Property. Franchisee's limited license extends only to use of the Intellectual Property in accordance with (i) all applicable standards, operating procedures, policies and guidelines that Franchisor prescribes—and from time to time amends—during the

duration of this Agreement, including, without limitation, those set forth in the most current edition of the Confidential Manuals and other publications, if any, dedicated to proper use of the Intellectual Property; and (ii) all applicable laws and regulations pertaining to advertising and marketing, including, without limitation, federal and state laws pertaining to telemarketing (including the Telephone Consumer Protection Act (the "**TCPA**"), false advertising, unfair competition and unfair practices. Any unauthorized use of the Intellectual Property by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Intellectual Property.

6.3 Use of the Marks.

(a) Prohibited Uses. Franchisee shall not use any Mark (i) as part of any corporate or trade name, (ii) with any prefix, suffix, or other modifying words, terms, designs or symbols, (iii) in any modified form, (iv) in connection with the sale of any unauthorized product or service, (v) on signage, marketing or promotional materials, clothing, or other Goods that have not been authorized in writing by Franchisor, or (vi) in any other manner that has not been expressly authorized in writing by Franchisor.

(b) Notices and Name Registrations. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not advertise or use the Marks in advertising, or any other form of promotion, without appropriate © copyright and/or ® registration marks or the designations ™ or ℠ where applicable, as designated by Franchisor from time to time.

(c) Display of the Marks. Franchisee must display the Marks in a manner that Franchisor specifies on signage at the Facility and on all written materials, forms, advertising, promotional materials, supplies, employee uniforms, business cards, receipts, letterhead, contracts, stationery, and other materials Franchisor designates.

6.4 Infringement. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person or Entity to use the Intellectual Property or any colorable imitation thereof. Franchisee also agrees to notify Franchisor of any action, claim or demand against Franchisee relating to the Intellectual Property, and Franchisor shall have the sole right to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Intellectual Property and shall exercise such right in its sole discretion, and Franchisor shall be entitled to all proceeds recovered in any such proceeding. In any defense or prosecution of any litigation relating to the Intellectual Property or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents, and take all actions, as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties will make every effort consistent with the foregoing to protect, maintain and promote the Marks and the Trade Dress and their distinguishing characteristics (and the other service marks, trademarks, slogans, etc. associated with the System) as standing for the System and only the System. Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Intellectual Property.

6.5 Modifications of the Intellectual Property. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any of the Intellectual Property, and/or use one or more additional or substitute trade names,

trademarks, service marks, or other commercial symbols, Franchisee agrees to comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor, and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any of the Intellectual Property.

6.6 Inspection. In order to preserve the validity and integrity of the Intellectual Property and to assure that Franchisee is properly employing the same in the operation of its Facility, Franchisor or its agents shall have the right of entry and inspection of Franchisee's premises at all reasonable times and, additionally, shall have the right to observe the manner in which Franchisee is rendering its services and conducting its educational, recreational, and child care services and activities, to confer with Franchisee's clientele and employees, to take photographs or videotapes of the Facility, and to inspect reports, forms and documents, and related data for test of content and evaluation purposes to make certain that the educational, recreational, and child care services, activities, and operations are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

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

## 7. CONFIDENTIAL MANUALS

7.1 Access. The Confidential Manuals contain specifications, standards, services, operating procedures and rules prescribed from time to time by Franchisor for the operation of the Facility. Franchisor shall provide Franchisee with a hard copy of or electronic access to portions of the Confidential Manuals at the times and to the extent that Franchisor deems in its sole opinion to be necessary for Franchisee's development and the opening and operation of the Facility. Franchisor or its affiliates shall have the right to add to and otherwise modify such manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor or its affiliates for System Facilities, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement.

7.2 Ownership and Protection. All copies of the Confidential Manuals shall at all times remain the sole property of Franchisor or its affiliates. Upon demand by Franchisor at any time and upon the expiration or other termination of this Agreement, Franchisee shall return all of such manuals and any portions thereof and all copies or abstracts of such manuals in Franchisee's possession or control. The Confidential Manuals contain proprietary information of Franchisor and its affiliates and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration or termination of this Agreement, in accordance with the terms of Section 8 (Confidential Information).

7.3 Duty to Keep Current. Franchisee shall at all times ensure that its copy of each Confidential Manual is kept current and up-to-date, and in the event of any dispute as to the contents of such manual, the terms of the master copy of such manual maintained by Franchisor at its home office shall be controlling.

## 8. CONFIDENTIAL INFORMATION

8.1 Trade Secrets. Franchisee acknowledges that the entire knowledge of the operation of a System Facility, including the knowledge or know-how regarding the specifications, standards and operating procedures of the Primrose® services and activities, is derived from information disclosed to Franchisee by Franchisor or Franchisor's affiliates, and that certain of such information is proprietary and confidential and constitutes Trade Secrets of Franchisor or its affiliates. "**Trade Secrets**" means any information of Franchisor and its affiliates which (i) derives economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Trade Secrets shall include without limitation any information contained in the proprietary Balanced Learning® curriculum, Confidential Manuals, the Software, the Facility design package, including interior and exterior layout for the Facility, construction plans and specifications and equipment and Trade Dress specifications, and Franchisor's and its affiliates' training programs, marketing strategies, operations, techniques, financial information, and actual and potential supplier lists, customer lists, specifications and materials concerning the educational, recreational and child care services and activities, lesson plans, monthly calendar of events, newsletter formats, and lists of franchisees. Franchisee acknowledges and agrees that all of the Trade Secrets are economically valuable, that such value is derived from such Trade Secrets not being generally known to others, that reasonable efforts have been taken by Franchisor and its affiliates to maintain the secrecy and confidentiality of the Trade Secrets, and that Franchisee has entered into this Agreement in order to use such Trade Secrets to the economic benefit of Franchisee. To the extent that any Trade Secrets are disclosed to Franchisee pursuant to this Agreement or otherwise, Franchisee agrees to maintain the absolute confidentiality of each Trade Secret, and Franchisee will not, during and after the term of this Agreement, for so long as any such information shall remain a Trade Secret, use, sell, or permit the duplication or disclosure of such Trade Secret, unless such use, sale, duplication or disclosure is specifically authorized by Franchisor in advance in writing.

8.2 Confidential Information. For purposes of this Agreement, the term "**Confidential Information**" shall mean any data or information, other than Trade Secrets, that is competitively sensitive, that is not disclosed to the public by Franchisor or its affiliates, or that is not generally known to the public, including any of the proprietary information and other items or compilations of such information, whether in printed or electronic form, relating to Franchisor or its affiliates and/or the operation of the System or a Facility. Confidential Information also shall mean any information received by Franchisor, its affiliates, or Franchisee from any franchisee or potential franchisee of Franchisor or any other third party providing such information in confidence to such person. To the extent that any Confidential Information is disclosed to Franchisee pursuant to this Agreement, Franchisee shall not, during the term of this Agreement and for three years after the Operating Term (including successor terms), use, sell, or permit the duplication or disclosure of any such Confidential Information, unless such use, sale, duplication, or disclosure is specifically authorized by Franchisor in advance in writing.

8.3 Ownership. All Trade Secrets and Confidential Information furnished or disclosed by Franchisor, or its affiliates, or any consultants or third parties acting on Franchisor's behalf, to Franchisee are and shall remain the property of Franchisor or its affiliates. Any reproductions,

notes, summaries or similar documents relating to the Trade Secrets and Confidential Information, and any files, memoranda, reports, pricelists and other documents relating to the System, shall become and remain the property of Franchisor or its affiliates immediately upon their creation. Upon expiration or termination of this Agreement or upon the prior demand of Franchisor at any time, Franchisee shall immediately return all such materials together with all copies thereof to Franchisor.

8.4 Equitable Relief and Confidentiality Agreements. Due to the special and unique nature of the Trade Secrets and Confidential Information, Franchisee hereby agrees and acknowledges that Franchisor or its affiliates shall be entitled to immediate equitable remedies, including restraining orders and injunctive relief, in order to safeguard the Trade Secrets and Confidential Information, and that money damages alone would be an insufficient remedy with which to compensate Franchisor or its affiliates for any breach of the terms of Sections 6 (Proprietary Marks), 7 (Confidential Manuals), or 8 (Confidential Information) of this Agreement. Furthermore, Franchisee agrees that it will require all of Franchisee's and its affiliates' and its and their Owners, partners, directors, officers, managers, members, and employees that have access to the Trade Secrets or Confidential Information (including its Directors and Multi-School Managers) to enter into confidentiality agreements with Franchisee, which must be at least as protective of the Trade Secrets and Confidential Information as the provisions contained in this Section 8 and must specifically identify Franchisor and its affiliates as third-party beneficiaries of such covenants with the independent right to enforce them. Franchisee is responsible for (i) ensuring that its confidentiality agreements are valid and enforceable under applicable laws, (ii) strictly enforcing such confidentiality agreements, and (iii) ensuring that before any person leaves Franchisee's or its affiliates' employment or ownership ranks, such person returns to Franchisee all documents and materials containing Trade Secrets and Confidential Information and provides written certification that this has been accomplished.

## 9. MODIFICATION OF THE SYSTEM

Franchisee recognizes and agrees that from time to time hereafter Franchisor may change or modify the System as presently described in the Confidential Manuals, and as identified by the Marks, including the adoption and use of new or modified (i) trade names, trademarks, service marks or copyrighted materials, (ii) programs or systems for educational, recreational and child care services and activities, including additional educational services, (iii) additional services or products, some of which may not be related to educational, recreational and child care services, (iv) employee training or education programs and services, (v) equipment or techniques, and (vi) policies, standards, or specifications, and that Franchisee will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee acknowledges that such changes or modifications may affect Franchisee's required performance or obligations or may require additional capital investment or expenditures by Franchisee. Franchisee shall make such expenditures as such changes or modifications in the System may reasonably require. Franchisee shall not change, modify, or alter in any way the System.

10. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of System Facilities, Franchisee agrees as follows:

10.1 Source and Prior Approval of Promotional Materials.

(a) Conduct of Marketing. All marketing and sales efforts by Franchisee shall be conducted in a dignified and professional manner and shall conform to the standards and requirements of Franchisor set forth in the Confidential Manuals. Any and all materials displaying the Marks (including printed materials, clothing, and other Goods) shall display the Marks only in such form as may be approved by Franchisor. Franchisee may not market or advertise in violation of federal laws regulating advertising, such as the CAN-SPAM Act and the TCPA, and state advertising laws applicable to the Facility.

(b) Source of Marketing Materials. Franchisee must use the advertising and marketing agencies, departments, systems, and/or vendors that Franchisor designates to create and produce all advertising materials for its Facility, unless Franchisor agrees otherwise in writing. Franchisor may require Franchisee to purchase certain marketing items through certain designated vendors.

(c) Approval of Marketing Materials. Franchisee shall submit samples of all marketing and sales materials (including clientele awareness and education, newspapers, radio, internet, digital, social media, and television advertising, and signs) to Franchisor or its designated agency and obtain Franchisor's prior written approval (except with respect to fees to be charged) for all marketing and promotional plans and materials that Franchisee desires to use that have not been previously approved by Franchisor. Franchisee will also submit to Franchisor or its designated agency, for its prior approval, all requests to use different vendors to produce promotional and advertising materials. Such materials and requests shall be submitted with the appropriate forms specified by Franchisor. Franchisee may not conduct any promotional campaigns or use any vendors that have not been designated by Franchisor without receiving the prior written approval of Franchisor, which may be withheld if Franchisor believes that such promotion or vendor does not fit within Franchisor's brand image or promotional concept for the System or is otherwise damaging to the System or its reputation. In the event written approval of any advertising or promotional material or vendor is not given by Franchisor to Franchisee within 30 days from the date such material or request is received by Franchisor, said material or vendor shall be deemed disapproved. Failure by Franchisee to conform with the provisions herein and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure shall not be deemed a waiver of future or additional failures, or of defaults under any other provision of this Agreement.

10.2 Brand Fund. Franchisee shall pay to the Primrose® Brand Fund (hereinafter "**Brand Fund**") an amount determined by Franchisor in its sole discretion from time to time, but not greater than 3% of Franchisee's Gross Revenues, as such term is defined in Section 11.1(b) below (the "**Brand Fund Fee**"). The current rate for the Brand Fund is 2%, but such rate may be changed at any time, at Franchisor's discretion, upon 90 days' prior written notice. The Brand Fund Fee shall be paid at the same time and in the same manner as, and in addition to, the Royalty Fee required under Section 11 (Continuing Services and Royalty Fee). Such payments shall be made in addition to and exclusive of any sums that Franchisee may be required to spend

on local advertising and promotion. The Brand Fund shall be maintained and administered by Franchisor, its affiliates, or its designee as follows:

(a) Franchisor and its affiliates shall direct all marketing and advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. However, Franchisor shall provide for a method of representation by franchisees in order for franchisees to recommend certain expenditures for advertising and promotion by the Brand Fund. Franchisee agrees and acknowledges that the Brand Fund is intended to develop and maximize general public recognition and acceptance of the Marks for the benefit of the System and that Franchisor, its affiliates, and its designee undertake no obligation in administering the Brand Fund to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

(b) Franchisee agrees that contributions to the Brand Fund may be used to meet any and all costs of brand/consumer research, and maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting Internet, television, radio, digital, social media, and print advertising campaigns and other public relations activities; employing advertising and public relations firms to assist therein; contracting with outside brand marketing consultants to assist in strategy development, research, and general marketing advice on system-wide marketing projects; producing promotional brochures and other marketing materials for System Facilities; reviewing potential new products, materials, services and projects for the System; and other activities that are directly or indirectly designed to promote the brand, franchisees, and/or increase System enrollment, including clientele response programs, mystery shop programs, incentive programs, teacher recruitment programs, and sponsorship of goodwill activities. All sums paid by Franchisee to the Brand Fund shall be maintained by Franchisor or its affiliates in a separate account and shall not be used to defray any of Franchisor's or its affiliates' general operating expenses, except for such reasonable administrative costs and overhead, if any, as Franchisor or its affiliates may incur in activities reasonably related to the administration or direction of the Brand Fund and advertising programs, including supporting Cooperatives (as defined in Section 10.5 (Advertising Cooperatives), conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Brand Fund.

(c) It is anticipated that all contributions to the Brand Fund shall be expended for advertising and promotional purposes during Franchisor's fiscal year within which contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such fiscal year, such amounts shall be used on expenditures in the following fiscal year(s).

(d) Although Franchisor intends the Brand Fund to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes or distributed to franchisees in a manner deemed appropriate by Franchisor in its sole discretion. Franchisor reserves the right to reinstate the Brand Fund if it has previously been terminated.

(e) An accounting of the operation of the Brand Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Brand Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Brand Fund.

(f) Once contributions to the Brand Fund are made by Franchisee, all such funds shall be used as herein required and shall not be returned to Franchisee.

10.3 Grand Opening Advertising.

(a) Required Expenditure. In connection with the initial grand opening of the Facility, Franchisee shall spend a minimum amount that Franchisor specifies in writing after the site has been accepted (ranging from $40,000 to $100,000 for a new Facility and $15,000 to $100,000 for a Facility at a Conversion Site) in the period from six months before to 12 months after the Opening Date on direct mail advertising, advertising through digital platforms and other media, and marketing and promotional items ("**Grand Opening Advertising**"). Franchisor will determine the minimum amount, in its sole discretion, based on factors, including Franchisee's experience, media costs in Franchisee's market, size of the market, the capacity of the Facility, other child care centers in the surrounding area, and, for Conversion Sites, whether the school ceased operating before converting to a Facility. If Franchisee is converting a facility operated under a different brand to a Facility and such Facility is operating prior to the conversion, such Grand Opening Advertising shall be conducted in the 12 months after the Opening Date. Franchisee must (i) submit to Franchisor in writing a detailed proposal of Franchisee's expenditures on each type of Grand Opening Advertising and (ii) participate in calls, meetings, and/or activities required by Franchisor related to Grand Opening Advertising. Franchisor may, in its sole discretion, require Franchisee to change Franchisee's proposed Grand Opening Advertising program, and Franchisee agrees to comply with such changes. Franchisee shall not conduct any such Grand Opening Advertising until Franchisee has received Franchisor's prior written approval of Franchisee's proposed Grand Opening Advertising program.

(b) Franchisor Expenditures. Franchisor, in its sole discretion, may require Franchisee to deposit up to the full minimum required amount for Grand Opening Advertising with Franchisor at a specified time prior to the Opening Date for Franchisor to spend such money on Franchisee's behalf. If Franchisor spends such funds on Franchisee's behalf, Franchisee shall hold Franchisor harmless for any of Franchisor's advertising expenditures.

(c) Delayed Opening Date. Franchisor may delay the Opening Date if Franchisee has not obtained written approval of Franchisee's proposed Grand Opening Advertising program at least 30 days prior to the Opening Date, if Franchisee does not timely provide the funds to Franchisor if so required by Franchisor, and/or if Franchisee has failed to attend or participate in required calls, meetings, and other activities related to Grand Opening Advertising and other pre-opening requirements.

(d) Compliance Verification. At any time after the Opening Date, Franchisor may require Franchisee to promptly submit to Franchisor a written accounting of the actual Grand Opening Advertising conducted by Franchisee. If Franchisee has failed to conduct its Grand Opening Advertising according to the program approved by Franchisor in accordance with this Section 10.3, Franchisor may require Franchisee to spend money on additional advertising after the Opening Date or to pay Franchisor such monies to spend on Franchisee's behalf, as specified by Franchisor in its sole discretion.

10.4 Local Advertising. By the deadlines and in a form specified by Franchisor, Franchisee must provide Franchisor with a written plan for Franchisee's projected local marketing, advertising and promotion expenditures for the next calendar year and such other periods that Franchisor may specify. Franchisor may, in its sole discretion, require Franchisee to change Franchisee's proposed plan, and Franchisee agrees to comply with such changes. Franchisee

must spend in each month on local community awareness, advertising, public relations, community involvement activities, sponsorships, business partnerships, and promotions an amount equal to at least 1% of Franchisee's Gross Revenues for the preceding month, but in no event less than $1,000 per month. Franchisor may from time to time temporarily reduce such local advertising obligation in its sole discretion. Such expenditures shall be made directly by Franchisee, subject to approval and direction by Franchisor or Franchisor's designated advertising agency. If Franchisee fails to spend any required amount, then Franchisor shall have the right to require Franchisee to cure the default and/or Franchisor may spend such amount on Franchisee's behalf, in which case Franchisee shall reimburse Franchisor upon demand for the amount thereof, plus interest which shall be calculated at the rate of 18% per annum or the highest rate permitted by law, whichever is less, for the period commencing on the date of such expenditure and continuing through the date of payment.

10.5 Cooperative Advertising. From time to time Franchisor may designate a local, regional, or national advertising coverage area in which Franchisee's business and at least one other Facility is located for the purpose of developing a market level business cooperative (a "**Cooperative**") to pool resources for advertising or other common purposes. "**Advertising coverage area**" shall be designated by Franchisor, in its sole discretion, based on, without limitation, the particular Designated Market Area or Metropolitan Statistical Area (as those terms are used in the advertising industry) in which the Facility is located, or the area covered by a particular advertising medium (television, radio or other medium) as recognized in the industry. At the time a Cooperative is formed, Franchisor shall submit a list to Franchisee of all operating System Facilities within the advertising coverage area. Franchisee agrees to participate in and contribute its share to any Cooperative in Franchisee's advertising coverage areas and to abide by the bylaws, rules, and regulations duly required by the Cooperative, which Franchisor has the right to mandate or approve. Any such contributions to a Cooperative shall be in addition to, and not counted towards, such Brand Fund Fees and local marketing expenditures as are required pursuant to Sections 10.2 (Brand Fund), 10.3 (Grand Opening Advertising), and 10.4 (Local Advertising). The cost of the program shall be allocated among franchisees in such area and each franchisee's share shall be in proportion to its Gross Revenues, but the aggregate of such contribution by Franchisee during any month (or other designated time period) shall not exceed 1% of Franchisee's Gross Revenues during the previous month (or other designated time period), unless a 2/3 majority of the members of the Cooperative represented at a meeting with a quorum (a quorum exists if 50% of all members with System Facilities currently open in the advertising coverage area attending a meeting) vote to increase the contribution (in which case, it may be increased up to a maximum of 2% of Franchisee's Gross Revenues). Franchisor shall have the right to administer any Cooperative, collect contributions on behalf of any Cooperative (in which case the contributions will be paid to Franchisor in the same manner as any other fees), and to distribute expenditures on behalf of any Cooperative. Franchisor has the right, in its sole discretion, to require Cooperatives to be formed, changed, dissolved, or merged.

10.6 Digital Marketing. Franchisor or its affiliates may, in Franchisor's or their sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, domain names, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, the Facility, and the entire network of System Facilities. Franchisor will have the sole right to control all aspects of any Digital Marketing, including those related to the Facility. Unless Franchisor consents otherwise in writing, Franchisee, its Owners, its affiliates, and its employees may not, directly or indirectly, conduct or be involved in any Digital

Marketing that use the Marks or that relate to the Facility or the network. If Franchisor does permit Franchisee or its employees to conduct any Digital Marketing, Franchisee or its employees must comply with any policies, standards, guidelines, or content requirements that Franchisor establishes periodically and must immediately modify or delete any Digital Marketing that Franchisor determines, in its sole discretion, is not compliant with such policies, standards, guidelines, or requirements. Franchisor may withdraw its approval for any Digital Marketing at any time. Simultaneously with Franchisee's execution of this Agreement, Franchisee will execute the Internet Websites and Listings Agreement attached hereto as Exhibit B.

11. FEES

11.1 Royalty. Franchisee shall pay, without offset, credit or deduction of any nature, to Franchisor, so long as this Agreement shall be in effect, a monthly Continuing Services and Royalty Fee (the "**Royalty Fee**") equal to 7% of the Gross Revenues, as such term is defined below, derived from the Facility. Said monthly fee shall be paid in the manner specified below or as otherwise prescribed in the Confidential Manuals:

(a) On or before the 10th day of each month, Franchisee will submit to Franchisor, on a form approved by Franchisor, a correct statement, signed and certified as true and correct by Franchisee, of Franchisee's Gross Revenues for the preceding month just ended. At the same time that Franchisee submits the statement of Gross Revenues, Franchisee shall pay to Franchisor the Royalty Fee payment, as directed by Franchisor from time to time in its reasonable discretion, based on the Gross Revenues reported in such statement.

(b) "**Gross Revenues**" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by Franchisee, and by persons other than Franchisee, in connection with Franchisee's business or otherwise at or through Franchisee's Facility, whether to clientele of Franchisee or of persons other than Franchisee, and whether or not sold or performed at or from the Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. Gross Revenues shall include, but shall not be limited to, all revenues from tuition, field trips, student screening tests, sale of all apparel and novelties, full charges and commissions for class and individual photographs and other charges and commissions, and condemnation awards received for loss of revenue or business, whether generated by or paid to Franchisee or persons other than Franchisee, and also shall include the fair market value of any goods or services received, directly or indirectly, by Franchisee in the event consideration other than cash is received. Franchisee shall notify Franchisor on its monthly reports of any non-cash consideration Franchisee receives.

11.2 Delinquencies. All Royalty Fee payments, Brand Fund Fee payments, amounts due for purchases by Franchisee from Franchisor and its affiliates, and other amounts which Franchisee owes to Franchisor or its affiliates shall bear interest after the due date at the highest applicable legal rate for open account business credit, not to exceed 1.5% per month. In addition to any interest charged with respect to any late payment, Franchisor reserves the right, to the extent permitted by applicable law, to charge a late fee of up to 5% on each late payment and charge back any NSF fees.

11.3 Collection and Verification Procedures. Franchisor requires that Royalty Fees, Brand Fund Fees, and any other amounts owed to Franchisor be collected via an automated clearing house. Franchisee shall provide Franchisor with required banking information and shall execute such documents and take other actions as Franchisor and Franchisee's bank(s) may

reasonably request in order to establish a direct debit program, at least 30 days before the Opening Date.

11.4 Discounts and Billings.

(a) Discounts and Deductions. Franchisor reserves the right to limit in the Confidential Manuals any discounts, offsets, credits, or deductions of any nature (collectively, **"Discounts"**) that Franchisee may deduct from its Gross Revenues for the purposes of the computation of Royalty Fees, Brand Fund Fees, and local marketing obligations. If Franchisee offers any Discounts to customers which exceed the Discounts that Franchisor permits to be deducted from Franchisee's Gross Revenues for the purposes of the computation of Royalty Fees and Brand Fund Fees, Franchisor shall be entitled to collect the Royalty Fees and Brand Fund Fees from Franchisee based upon Franchisee's then-current published rates, tuition, or other fees that would have been charged if Franchisee had offered only the Discounts permitted by Franchisor (if any), regardless of the amounts actually received by Franchisee from such customer.

(b) Billing Procedures. Upon enrollment of any child into the Facility, prior to the child's actual attendance, Franchisee shall enter all pertinent information regarding such child into Franchisee's required computer software system and shall bill for tuition and other fees required to be paid to Franchisee with respect to such child in accordance with the billing procedures prescribed by Franchisor in the Confidential Manuals. If Franchisee bills for tuition or other fees in a manner other than as specified or prescribed by Franchisor, Franchisor shall be entitled to collect the Royalty Fees and Brand Fund Fees from Franchisee based upon the billing procedures prescribed by Franchisor in the Confidential Manuals and/or this Agreement, regardless of when or whether such tuition or other fees are actually collected by Franchisee.

11.5 Application of Payments. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fee payments, Brand Fund Fee payments, purchases from Franchisor and its affiliates, interest, or any other indebtedness.

11.6 Acceptance of Late Payments and Breach. Franchisee acknowledges that nothing contained in this Agreement constitutes Franchisor's agreement to accept any payments after they are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Facility. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 17 (Default and Termination).

11.7 Non-Compliance Fee. If Franchisor determines that Franchisee has violated any of its obligations under this Agreement, including any failure to comply with any standards set forth in the Confidential Manuals, in addition to any other remedies Franchisor may be entitled to, Franchisor reserves the right to charge Franchisee one or more non-compliance fees (each, a "**Non-Compliance Fee**") upon written notice to Franchisee. The Non-Compliance Fees (i) shall be specified in the Confidential Manuals or otherwise in writing (provided that they may not exceed $1,000 per single violation per day), (ii) may be modified from time to time by Franchisor, (iii) may be charged repeatedly (as frequently as daily) if the non-compliance is ongoing, and (iv) may vary based on the severity of the violations, the number of violations, and whether the violations have been repeated.

## 12. ACCOUNTING AND RECORDS

12.1 Records. Franchisee shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by Franchisor from time to time, including the use and retention of clientele invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, journals, and general ledgers. Franchisee must use the Software for accounting and record keeping tasks that Franchisor specifies.

12.2 Monthly and Other Reports. Franchisee will supply to Franchisor on a quarterly basis, in the form and using the software approved or designated by Franchisor, an activity report, a profit and loss statement, and a balance sheet for the last preceding calendar quarter and for the period from January 1st through the end of such calendar quarter. Additionally, Franchisee shall, at its expense, submit to Franchisor within 60 days of the end of each fiscal year during the Operating Term, in the form and using the software approved or designated by Franchisor, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, including all adjustments necessary for fair presentation of such financial statements. Each such quarterly profit and loss statement and balance sheet, as required above under this Section 12.2, may be compiled and prepared by Franchisee or by an independent certified public accountant ("**CPA**") following Franchisor's recommended form as outlined in the Confidential Manuals, and shall be certified to be true and correct by Franchisee. Each annual profit and loss statement and balance sheet shall be compiled and prepared by an independent CPA and shall be certified to be true and correct by one or more Owners. Franchisor reserves the right to require that any such annual financial statements be prepared in accordance with generally accepted accounting principles, and be reviewed or audited, as required by Franchisor in its sole and reasonable discretion, by an independent CPA designated or otherwise approved by Franchisor.

12.3 Other Reports. Franchisee shall submit to Franchisor such other periodic reports, forms and records in the manner and at the time as specified in the Confidential Manuals or otherwise in writing.

12.4 Examination of Records. Franchisor or its designated agents shall have the right at all reasonable times to examine, audit and copy, at its expense, the books, records, and tax returns of Franchisee. If requested by Franchisor, Franchisor or its designated agents may examine, audit and copy, at its expense, the tax returns of each of the Owners. Franchisor also shall have the right, at any time, to have an independent audit made of the books of Franchisee at Franchisor's expense. Franchisee must maintain all books, records, and tax returns of Franchisee and supporting documents at all times and provide copies of requested documentation within 15 days of Franchisor's request. Franchisee will fully cooperate with Franchisor's designated agents hired to conduct any examination or audit. If any requested documentation is not provided when requested, Franchisee will be considered in default of this Agreement and Franchisee will be required to reimburse Franchisor all fees and expenses incurred by Franchisor or its affiliates as the result of this default. If a review should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law or 18% per annum, whichever is less. If a review discloses an understatement in any report of 3% or more, such understatement shall constitute a default under this Agreement and Franchisee shall, in addition, reimburse Franchisor and its affiliates for any and all costs and expenses connected with the audit or examination (including reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies which Franchisor may have.

12.5 Additional Information. Franchisor may from time to time require information about Franchisee's financial condition, earnings, sales, profits, costs, expenses and performance to provide a basis for providing prospective franchisees of Franchisor with information concerning potential earnings or to comply with applicable laws governing the sale of franchises. Franchisee shall provide such information promptly when so requested by Franchisor, and Franchisee shall certify that such information is true and complete in all material respects.

12.6 Disclosure. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Facility, including earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization, or similar restructuring of Franchisor. Franchisor may require Franchisee to report purchase price data related to any Transfer, which Franchisor may disclose to appraisers for the purpose of developing accurate appraisals of Facilities and related businesses.

## 13. STANDARDS OF QUALITY AND PERFORMANCE

Franchisee shall comply with the entire System, including, but not limited to:

13.1 Business Plan and Allocation for Pre-Opening Expenses.

(a) Business Plan. Upon Franchisor's written request, within 90 days after the site for Franchisee's Facility has been accepted, Franchisee shall submit to Franchisor for Franchisor's approval a written business plan for the Facility, following a format acceptable to Franchisor. Franchisee may not open its Facility until Franchisee has obtained Franchisor's written approval of such requested business plan. Franchisor's approval of Franchisee's business plan shall in no way constitute an endorsement by Franchisor of such plan or the accuracy of the materials contained therein. As a condition to Franchisor's approval of the opening of Franchisee's Facility, Franchisor may require that the business plan be modified up through and including the Opening Date. Franchisee shall modify the business plan accordingly and shall submit such revised written business plan to Franchisor for Franchisor's approval in accordance with the terms of this Section 13.1(a). After the Facility opens, Franchisor may require Franchisee to submit to Franchisor a written business plan for the Facility, which Franchisee shall provide in a format acceptable to Franchisor within 30 days of Franchisor's written request.

(b) Allocation for Pre-Opening Expenses. Along with the business plan, Franchisee shall submit to Franchisor in writing, upon Franchisor's written request, a list of the specific amounts which Franchisee intends to allocate for each of the following expenditures for the Facility: (i) pre-opening advertising and marketing, (ii) initial equipment, and (iii) initial operating capital. Franchisor must approve such allocation and amounts and may, in its sole discretion, modify such allocation. Franchisor may require that Franchisee deposit the allocated amounts in separate bank accounts. Franchisee may not use any of the allocated funds for any purpose other than those for which they are allocated without obtaining the prior written consent of Franchisor. Franchisor shall not be required to approve, and Franchisee may not open or obtain any financing with respect to the Facility or Franchisee's business unless Franchisor has first approved the allocation described above.

13.2 Commencement of Operations. Franchisee shall commence operation of the Facility not later than 20 months after the Effective Date (if a site is determined prior to execution of this Agreement) or 36 months after the Effective Date (if a site is not determined prior to the execution of this Agreement), or as otherwise approved in writing by Franchisor. Prior to the Opening Date, Franchisee must procure all necessary licenses, permits and approvals, including child care facility licenses and approvals required by the state in which Franchisee's Facility is located, shall hire and train personnel, make necessary leasehold improvements, and purchase and install necessary classroom and office equipment as required by Franchisor. During the six-month period directly prior to the Opening Date, at least the On-Site Owner shall devote their full time and energy to the development and opening of the Facility. If Franchisee for any reason fails to commence operation as herein provided, unless Franchisee is precluded from doing so by war, civil disturbance, natural disaster or labor dispute, such failure shall be considered a default and Franchisor may terminate this Agreement as herein provided. Franchisor will consider a written request by Franchisee for a reasonable extension of time to begin operations.

13.3 Compliance with Specifications. Franchisee agrees to fully comply with all specifications, standards, operating procedures and rules as set forth in the Confidential Manuals and otherwise by Franchisor in effect from time to time relating to, without limitation, the following:

(a) The safety, maintenance, cleanliness, function and appearance of Facility premises, and their equipment, fixtures, signs, and Trade Dress;

(b) Training, dress, general appearance and demeanor of Facility employees and staff members;

(c) Hours during which System Facilities will be attended and open for business;

(d) Methods and procedures to be utilized by Franchisee in connection with educational, recreational and child care services approved by Franchisor for System Facilities;

(e) Advertising and promotional programs to gain maximum market recognition and penetration in the Designated Area;

(f) Use, processing and retention of standard forms;

(g) Use and illumination of signs, posters and similar items;

(h) Identification of Franchisee as the owner of the Facility;

(i) Accounting and reporting systems, procedures and policies;

(j) Any national, state and/or local educational and/or child care associations in which Franchisee must maintain a membership;

(k) Clientele follow-up notices, letters and communications; and

(l) Initial and minimum working capital requirements.

The specifications, standards, operating procedures and techniques, and other rules prescribed from time to time by Franchisor in the Confidential Manuals or otherwise

communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include all such specifications, standards, operating procedures, and rules.

13.4 Tuition and Student Fees. Franchisee shall establish the uniform tuition rates and other charges to Franchisee's students using the prescribed operating procedures in the Confidential Manuals, and shall make such published revenue information available to Franchisor on request as necessary for the purposes of Franchisor's reporting and audit procedures. Franchisee shall have the sole authority to establish the prices Franchisee will charge for the Goods and services offered by Franchisee and any Discounts, provided that such prices and Discounts must be published and must be offered uniformly to Franchisee's customers and potential customers, except as otherwise provided herein or from time to time in the Confidential Manuals.

13.5 Quality Assurance Review. Franchisee shall conduct periodic self-studies in accordance with a review form and procedure specified by Franchisor from time to time (the "**Quality Assurance Review**"). Franchisee will fully cooperate with any inspections conducted by Franchisor and shall provide any information reasonably requested by Franchisor's representative. After an inspection by Franchisor, Franchisee will, within the time limits specified by Franchisor, submit a written plan of action, comply with and fully implement any corrective steps designated therein as mandatory or required, and will consider in good faith any other recommendations or suggestions. If Franchisor determines, in its sole discretion, that it must make follow-up inspection consultations to review Franchisee's corrective actions, Franchisor may require Franchisee to pay its then-current per diem fee, which will not exceed $1,500 per representative per day, plus the actual costs and expenses incurred by Franchisor and its affiliates in making such follow-up consultations, including the travel and living expenses of Franchisor's representatives.

13.6 Management of Facility.

(a) Management. In order to maintain the high image and quality standards of Franchisor's programs and materials, Franchisee agrees to provide sufficient and competent management and staff personnel at the Facility to provide adequate and sufficient care and instruction for enrolled students in accordance with Franchisor's brand standards. During the six-month period directly prior to the opening of the Facility, at least one Owner shall devote their full time and energy to the development and opening of the Facility. Once opened, the Facility shall at all times be under the direct on-premises supervision of the On-Site Owner, a Director, and a Facility assistant director or education coach. Franchisee must abide by any and all additional policies, procedures and/or guidelines related to the duties and responsibilities of the Facility management that are specified in the Confidential Manuals. Franchisee must supervise and evaluate the performance of its professional and other staff to ensure that each renders competent, efficient, and quality service consistent with Franchisor's brand standards.

(b) On-Site Owner. Franchisee must appoint an individual owner as its On-Site Owner who must have authority over all business decisions related to the Facility and must have the power to bind Franchisee in all dealings with Franchisor. Franchisee must obtain Franchisor's written approval for its On-Site Owner and may not change the On-Site Owner without Franchisor's prior written approval. If the On-Site Owner has been determined by the Effective Date, he or she shall be listed on Exhibit A.1. If the On-Site Owner is determined after the Effective Date (or if a replacement On-Site Owner is proposed), the appointment shall take effect with, and be evidenced by, Franchisor's written consent. Franchisee's On-Site Owner may

not serve as its Director, unless Franchisor agrees otherwise in writing. Franchisee's On-Site Owner must have at least a 5% ownership interest in its Entity and must be directly involved in the day-to-day operation and management of the Facility.

(c) Facility Director. The Director must (i) successfully complete training provided by Franchisor, (ii) be qualified to perform the duties of a director and manage the day-to-day operations of the Facility, (iii) satisfy all brand standards specified in the Confidential Manuals, and (iv) sign a confidentiality agreement with Franchisee in accordance with Section 8.4 (Equitable Relief and Confidentiality Agreements). Franchisee shall notify Franchisor of the identity of its Director and shall provide any information requested by Franchisor to confirm that the Director is compliant with the requirements set forth in the previous sentence.

(d) Management of Multiple Facilities. If Franchisee and its affiliates operate more than two Facilities, in addition to the on-premises management described in Section 13.6(a) (Management), Franchisor may require Franchisee to have one or more Multi-School Managers. Such Multi-School Manager must satisfy the requirements of Director specified in 13.6(c) (Facility Director) and may also be required to own an equity or profit-sharing interest in Franchisee. The role and responsibilities of the On-Site Owner will not be affected if a Multi-School Manager(s) is required under this Agreement.

13.7 Certified Teachers. If required by applicable laws, a certified/credentialed teacher, Director, or assistant Facility director responsible for preparing prescribed lessons plans, curriculum and learning programs, and monitoring students, must be on the Facility premises at required times during instructional hours and testing. Such certification need not be current nor from the jurisdiction in which the Facility is located, unless required by applicable laws. The preparation of prescribed lesson plans and teaching may be performed only by a person who is certified as set forth herein and who has been appropriately trained in accordance with Section 5.5 (Employee Training by Franchisee) and as outlined in the Confidential Manuals.

13.8 Licenses and Compliance with Laws.

(a) Licenses and Permits. Franchisee shall secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Facility and to child care generally.

(b) Compliance with Laws. Franchisee shall operate the Facility in full compliance with all applicable laws, ordinances, and regulations, including all government regulations relating to occupational hazards and health, consumer protection, trade regulation, child care licensing and certification, workers' compensation, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales, use, and property taxes. Franchisee is solely and absolutely responsible for researching all applicable federal, state and local laws and regulations governing the operation of the Facility and ensuring that such operation does not violate any federal, state or local law or regulation. For example, there are various federal laws that could affect the Facility and that Franchisee must comply with such as the American with Disabilities Act, the CAN-SPAM Act, the TCPA, the Telemarketing Sales Rule, other federal and state anti-solicitation laws regulating marketing phone calls, and federal and state laws that regulate data security and privacy (including, but not limited to, the use, storage, transmission, and disposal of data regardless of media type). Franchisee should investigate these laws to understand its potential legal obligations.

(c) Compliance with Anti-Terrorism Laws. Franchisee and its Owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its Owners certify, represent, and warrant that none of their property or interests is subject to being blocked under, and that Franchisee and its Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. **"Anti-Terrorism Laws"** mean 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 other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its Owners, or any blocking of Franchisee's or its Owners' assets under the Anti-Terrorism Laws, shall be an Event of Default justifying the termination of this Agreement.

(d) Compliance with Privacy Requirements. To the extent applicable, Franchisee must abide by: (i) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act; (iii) all other standards, laws, rules, regulations, or any equivalent directives related to electronic payments, data privacy, personally identifiable information, protected health information, and data protection; and (iv) any privacy policies or data protection and breach response policies Franchisor periodically may establish (collectively, "**Privacy Requirements**"). Franchisor may require Franchisee to (a) use vendors approved or designated by Franchisor to provide data security services that are consistent with the Privacy Requirements; (b) maintain specific security measures; (c) provide evidence of compliance with Privacy Requirements upon Franchisor's request; and/or (d) use vendors approved or designated by Franchisor to conduct security audits at the times that Franchisor requires to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide Franchisor with copies of any audits, scanning results, or related documentation relating to such compliance or audits.

(e) Data or Security Breaches. If Franchisee suspects or knows of a security or data breach, Franchisee must, at Franchisee's expense, in accordance with the Privacy Requirements, applicable laws, and any Franchisor directives, (i) immediately give Franchisor notice of such security breach and cooperate with any inquiry initiated by Franchisor; (ii) promptly identify and remediate the source of any compromise or security breach; (iii) comply with all applicable data breach notification laws; (iv) provide all required notices of breach or compromise to impacted individuals; (v) procure credit history monitoring services for impacted individuals; (vi) pay any related damages or fines; and (vii) keep Franchisor apprised of all such efforts to resolve the issue and resulting damages. For the avoidance of doubt, regardless of any actions that Franchisor may take to investigate or attempt to mitigate damages to Franchisor or the Marks and related goodwill that may result from such breaches, unless otherwise specified by Franchisor, Franchisee assumes, at its expense, all responsibility for addressing and resolving any security or data breach relating to the Facility or customers of the Facility.

13.9 Moral and Ethical Standards. Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of the Facility so as to create and maintain goodwill among the public for the Marks.

13.10 Clientele Lists. Franchisee shall maintain, in a form and using any software prescribed by Franchisor, a listing of the names, addresses, e-mail addresses, and telephone numbers of (i) all clientele of the Facility for whom it is currently providing services and has provided services to in the past three years and (ii) all prospective clientele of the Facility that

Franchisee has collected contact information from in the past year for the purpose of marketing services (collectively, the "**Clientele List**"). Franchisee shall keep the Clientele List up-to-date, provide Franchisor with unrestricted access to such Clientele List, and send the Clientele List to Franchisor upon request by Franchisor. Franchisee acknowledges and agrees that (a) the Clientele List is Franchisor's sole and exclusive property, (b) the Clientele List shall be part of the Confidential Information of Franchisor, (c) Franchisor may use the Clientele List for any purpose permitted under applicable law, and (d) Franchisor may communicate with any individuals on the Clientele List without the knowledge or consent of Franchisee. In accordance with the provisions of Section 8 (Confidential Information), Franchisee shall maintain the confidentiality of the Clientele List and shall not disclose, provide, sell or otherwise disclose all or any portion of the Clientele List to any person or Entity other than Franchisor.

13.11 Diligence. Franchisee and its Owners shall work diligently, fairly, and in good faith to perform all of their obligations under this Agreement.

13.12 Notification of Action and Serious Issues. Franchisee shall notify Franchisor in writing within five days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against Franchisee, Owner(s), and any employee or contractor associated with Franchisee that (a) may have an adverse effect on the operation of, or financial condition of, the Facility or (b) relates to (i) the operation of the Facility or conduct that occurred at the Facility, (ii) any licenses or professional credentials, or (iii) any allegation, charge, or conviction of a crime that may have an adverse effect on the good name, business, goodwill, image or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, including any crime involving fraud or moral turpitude or any felony. Notwithstanding the foregoing, if Franchisee learns of any abuse allegations, licensing issues, or licensing findings, Franchisee must provide Franchisor with notice of such information within 24 hours of Franchisee's receipt of such information or as otherwise provided in the Confidential Manuals.

## 14. FRANCHISOR'S OPERATIONS ASSISTANCE

14.1 Pricing Guidance. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the child care services and activities offered by the Facility that in Franchisor's judgment constitute good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating System Facilities and an analysis of the costs of such services for competitive services. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the Facility as set forth in Section 13.4 (Tuition and Student Fees). No advice or guidance from Franchisor shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum, or maximum prices for any services offered for sale by the Facility.

14.2 Franchisor's Obligations. The following are the obligations to be performed by Franchisor during the operation of the Facility, which shall be performed in the manner determined by Franchisor in its sole discretion:

(a) provide local and regional advertising as deemed appropriate by Franchisor;

(b) provide suggested specifications, standards, operating procedures, and rules prescribed from time to time by Franchisor, as well as information relative to other obligations

of Franchisee under this Agreement and the operation of the Facility; provided, that any suggestions of Franchisor shall not relieve Franchisee of its obligation to ensure compliance by the Facility and its operations with all applicable federal and state laws and regulations, which shall remain the sole responsibility of Franchisee; and

(c) provide approved layout of select advertisements.

14.3 Instructional Materials. Franchisor shall endeavor to keep abreast of the most up-to-date early learning research and knowledge concerning curriculum and teaching materials. Franchisor will, based on its good faith determination of the applicability of such knowledge to franchisee operations, make such knowledge available to Franchisee and to franchisees generally. Franchisor may develop new or enhanced programs or modules, and may, in its discretion, make such program or modules available to Franchisee either as mandatory or optional items. If designated as mandatory or required, Franchisee will fully implement such program or module within 60 days of written notification by Franchisor. If Franchisee believes, in good faith, that such new mandatory materials are inappropriate for Franchisee's operation, and notifies Franchisor in writing as to the reasons for such belief, Franchisor may, in its discretion, waive all or a portion of such mandatory materials or programs with respect to Franchisee.

14.4 Support, Inspections, and Evaluations.

(a) Assistance and Evaluations. Franchisor may furnish Franchisee with such assistance in connection with the operation of the Facility as is reasonably determined to be necessary by Franchisor from time to time. Franchisor, in its sole discretion, may, from time to time, send a representative to the Facility to observe Franchisee's operation and methods and to conduct periodic assessments using the Quality Assurance Review to determine if the Facility's operations comply with Franchisor's operating procedures and rules. Franchisor will produce and deliver to Franchisee a summary of the representative's findings, identifying areas of strength or areas that are in need of improvement and any remedial actions that must be taken. Franchisee must address any identified deficiencies in accordance with Section 13.5 (Quality Assurance Review).

(b) Additional Consulting Services. In addition to the standard support services that Franchisor deems necessary, Franchisor also may offer Franchisee additional consulting or support services, including on-site services, that are greater in scope than the standard support services, and may charge Franchisee a reasonable fee for these services which may include a daily or hourly fee for each of Franchisor's representatives (which will not exceed $1,500 per representative per day) and reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.). Additional consulting or support services are subject to availability and shall be offered in Franchisor's sole discretion.

## 15. INSURANCE

15.1 Policies. Franchisee shall maintain in full force and effect during the Operating Term, at its sole expense, an insurance policy or policies protecting Franchisee, Franchisor, and Franchisor's affiliates and each of their officers, directors, managers, employees, and agents against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Facility, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisee's obligation to maintain this insurance will not be limited in any way by reason of any insurance that Franchisor maintains, nor will it relieve Franchisee of its indemnification obligations under Section 32 (Indemnification). Franchisee's

insurance policies must apply on a primary and non-contributory basis to any insurance carried by Franchisor or its affiliates and may not otherwise limit coverage for tort liabilities assumed in this Agreement. Such policies must name Franchisor and its affiliates (as specified by Franchisor), and its and respective direct and indirect owners, directors, officers, managers, employees, and agents, as additional insureds for claims arising from the Facility and must include a waiver of subrogation in favor of Franchisor.

15.2 Coverages. Franchisor has the right to specify in the Confidential Manuals or otherwise in writing the types of insurance and the minimum policy limits that Franchisee must obtain and maintain. Franchisor may from time to time upon reasonable notice increase, decrease, add to, delete from, or modify the mandatory insurance coverages.

15.3 Evidence of Insurance. Franchisee must provide to Franchisor a certificate of insurance, copy of its currently effective insurance policies (including the Franchisor endorsement), proof of payment of premiums, and any other documentation reasonably requested by Franchisor showing Franchisee's compliance with the foregoing insurance requirements (a) at a time specified by Franchisor prior to opening the Facility, (b) upon renewal of each policy, and (c) within 10 days of Franchisor's request. Such certificate or policies shall state that said policy or policies will not be canceled or altered without at least 30 days' prior written notice to Franchisor. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section shall not relieve Franchisee of liability under any indemnity provision set forth in this Agreement.

15.4 Franchisee's Failure to Maintain. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge 150% of Franchisor's and its affiliates' actual costs and expenses related to procuring and maintaining such insurance coverage.

15.5 Insurance Company. Franchisee shall obtain all insurance coverage required to be maintained by Franchisee from an insurance provider specified by Franchisor in the Confidential Manuals or another insurance provider accepted in writing by Franchisor. If Franchisee desires to obtain insurance coverage from a provider other than the providers designated by Franchisor, Franchisee must submit to a representative of Franchisor, or arrange for such provider to submit to a representative of Franchisor, any information regarding such proposed provider as Franchisor requires to determine whether such provider is acceptable. Franchisor's representative will notify Franchisee in writing within a reasonable time as to whether Franchisor accepts such proposed provider, and Franchisor will not unreasonably withhold such acceptance. Franchisee must reimburse Franchisor and/or its affiliates or agents for any costs and expenses incurred in reviewing the information regarding any such proposed provider. Franchisor's acceptance of Franchisee's proposed provider shall in no way constitute an endorsement by Franchisor of such provider.

## 16. FRANCHISEE'S COVENANTS

16.1 Best Efforts. Franchisee covenants that during the Operating Term and any successor terms, except as otherwise approved in writing by Franchisor, Franchisee and the Owners shall devote full time, energy and best efforts to the management and operation of the Facility. Franchisee at all times agrees to use its best efforts to promote and increase the sales and service of the System and to effect the widest and best possible promotion and service to potential clientele for Primrose® learning, recreational and child care services.

16.2 In-Term Covenants. Franchisee and its Owners covenant to Franchisor that during the Operating Term and any successor terms, except as otherwise approved in writing by Franchisor, Franchisee and its Owners shall not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or Entity:

(a) own, maintain, engage in, have any interest in, lease real estate to, be employed in any managerial capacity in, or provide consulting services to any business (including any business operated by Franchisee or any of its affiliates prior to entry into this Agreement) in the United States which provides, in whole or in part, educational services, programs, or materials for children of any ages between six weeks through first grade and/or child care services for children of any ages between six weeks through 12 years (a "**Competitive Business**"); or

(b) divert or attempt to divert any business or clientele of the business franchised hereunder to a Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

16.3 Post-Term Covenants. Franchisee and its Owners covenant to Franchisor that, except as otherwise approved in advance in writing by Franchisor, neither Franchisee nor any of its Owners shall, for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or Entity, own or operate, lease real estate to, be employed in any managerial capacity in, or provide consulting services with respect to the ownership and/or operation of, any Competitive Business within a five-mile radius of the site for the Facility or the Designated Area at the discretion of Franchisor or within a five-mile radius of any existing System Facility at the time of such expiration or termination.

16.4 Independence and Modification. Franchisee and its Owners specifically acknowledge that, pursuant to this Agreement, (a) Franchisee and its Owners have received an advantage through the valuable training provided under this Agreement, the knowledge of the day-to-day operations of a System Facility and access to Franchisor's standards, the Confidential Manuals, the System, Trade Secrets, and Confidential Information (including information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System), and (b) the covenants and restrictions in this Section 16 (Franchisee's Covenants) (i) are reasonable, appropriate and necessary to protect Franchisor's standards and specifications, the System, Trade Secrets, Confidential Information, other franchisees operating under the System, the goodwill of the System, relationships with Franchisor's prospective and existing customers, and Franchisor's legitimate interests; and (ii) do not cause undue hardship on Franchisee or its Owners. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 16 (Franchisee's Covenants) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and its Owners expressly agree 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 16.

16.5 Modification of Covenants. Franchisee and its Owners understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16.2 (In-Term Covenants) and 16.3 (Post-Term Covenants) in this Agreement, or any portion thereof, without Franchisee's or any Owners' consent, effective

immediately upon receipt by Franchisee of written notice thereof, and Franchisee and the Owners agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 27 (Entire Agreement).

16.6 Non-Applicability. Sections 16.2 (In-Term Covenants) and 16.3 (Post-Term Covenants) shall not apply to ownership by any of Franchisee or its Owners of less than a 5% beneficial interest in the outstanding equity securities of any Entity which is registered under the Securities Exchange Act of 1934.

## 17. DEFAULT AND TERMINATION

17.1 Events of Default. It shall be an **"Event of Default"** under this Agreement if Franchisee:

(a) fails to decorate and equip the premises as provided in Section 4 (Goods, Services, Equipment, and Vehicles) and fails to cure such default within 30 days after receipt of such written notice, or fails (or any Owners that are required to attend training fail) to satisfactorily complete Initial Training, as well as tasks assigned through the Initial Training and Opening Support process, as provided in Section 5 (Training and Assistance) and fails to cure such default within 30 days after receipt of such written notice (unless Franchisor determines, in its sole discretion, that Franchisee will be unable to satisfactorily complete Initial Training);

(b) or an Owner has made any material misrepresentation or omission in its application for the franchise, this Agreement or in any instrument, document or certificate furnished pursuant to this Agreement;

(c) or an Owner (i) have been charged with, convicted of, or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that Franchisor (x) deems likely to have an adverse effect on the good name, business, goodwill, image or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, whether on a local, regional, or national scale, or (y) deems relevant to the operation of the Facility; or (ii) have engaged in fraudulent, deceptive, unethical, or other conduct that Franchisor (xx) deems likely to have an adverse effect on the good name, business, goodwill, image, or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, whether on a local, regional, or national scale, or (yy) deems relevant to the operation of the Facility; or (iii) continues to employ any person whom Franchisee knows or has reason to know has been involved in any of the actions or events described in (i) and (ii). If the Owner that breaches this Section 17.1(c) is a trustee of the trust that owns an interest in Franchisee (a "**Trustee**"), Franchisor shall provide Franchisee with written notice of such default and such default may be cured by removing and replacing such Trustee in accordance with Section 19.3(d) (Changes to a Trustee) with a new Trustee that is satisfactory to Franchisor within 15 days of Franchisee's receipt of such default notice;

(d) makes any unauthorized use, disclosure or duplication of any portion of the Confidential Manuals, or duplicates or discloses or makes any unauthorized use of any Trade Secret or Confidential Information provided to Franchisee by Franchisor;

(e) fails to maintain any license required by law to provide child care or other services contemplated under this Agreement and fails to cure such default within ten days after receipt of such written notice;

(f) abandons or fails or refuses to actively operate the Facility for five business days in any 12-month period, unless the Facility has been closed for a purpose approved by Franchisor or as a result of a governmental order imposed on all similar childcare facilities, or fails to relocate the Facility to a new approved site pursuant to Section 3.7 (Site and Relocation of Facility);

(g) or an Owner (i) takes any action, or permits to exist any condition or circumstance, which endangers the health or safety of any student or other individual on the premises of the Facility, (ii) breaches any law, regulation or ordinance which results in a threat to the public's health or safety, (iii) breaches any Anti-Terrorism Laws, or (iv) operates and maintains motor vehicles that do not comply with applicable federal or state laws, regulations or specifications;

(h) fails to make timely payment of undisputed bills, invoices, or statements from suppliers of products and services and fails to cure such default within 30 days after receipt of such written notice;

(i) surrenders or transfers control of the operation of the Facility, makes or attempts to make, or permits, an unauthorized direct or indirect Transfer (as defined in Section 19.2 (By Franchisee)), or fails or refuses to Transfer the franchise or the interest in Franchisee of a deceased or incapacitated Owner as required in Section 20 (Death or Incapacity);

(j) submits to Franchisor on two or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate by more than 3% the Royalty Fees and any fees owed to Franchisor for any period of, or periods aggregating, three or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error, or submits any financial statement or supporting record that intentionally understates the Royalty Fees owed to Franchisor or otherwise intentionally distorts any material information;

(k) commits any affirmative act of insolvency, or files any petition or action of insolvency or for appointment of a receiver or trustee, or makes any assignment for the benefit of creditors, or fails to vacate or dismiss within 60 days after filing any such proceedings commenced against Franchisee by a third party;

(l) is subject to a dismissal of a liquidation proceeding pursuant to 11 U.S.C. Section 707, dismissal of a reorganization proceeding pursuant to 11 U.S.C. Section 1112, revocation of an order of confirmation pursuant to 11 U.S.C. Section 1330(b), or dismissal of a debt adjustment proceeding pursuant to 11 U.S.C. Section 1307;

(m) materially misuses or makes an unauthorized use of any Marks, or commits any other act which reasonably can be expected to materially impair the goodwill associated with any Marks;

(n) fails on two or more separate occasions within any period of 12 consecutive months to submit when due reports or other information or supporting records, or to pay when due the Royalty Fees, Brand Fund Fees, Cooperative contributions, or other payments due to Franchisor or its affiliates

(o) fails to commence operations within the time period specified in Section 13.2 (Commencement of Operations);

(p) fails to perform or observe any provision of the lease or sublease for the Facility, any financing of the Facility, and/or any lease or financing of any of the approved equipment or any other equipment, decor, furnishings, fixtures or tangible property used at the Facility, if such failure would permit the termination of any such lease, sublease, or financing arrangement pertaining to the Facility;

(q) fails on three or more occasions within any 12-month period to comply with any one or more covenants, requirements, restrictions or other provisions of this Agreement, whether or not such failure is cured after written notice thereof (which breaches need not be of the same provision);

(r) or its Owners, its affiliates, or any Entity owned by one of its Owners defaults under any other franchise agreement or other agreement that such person or Entity has executed with Franchisor or any of its affiliates, including the REDA;

(s) is in default under any agreement between the developer of the Facility and Franchisee or any of its affiliates;

(t) fails or refuses to make payments of any amounts due Franchisor or its affiliates for Royalty Fee payments, Brand Fund Fee payments, purchases from Franchisor or its affiliates, or any other amounts due to Franchisor or its affiliates, and does not correct such failure or refusal within ten days after notice to Franchisee; or

(u) fails or refuses to comply with (i) any obligation under this Agreement, other than those described in Section 17.1(a) through 17.1(v), (ii) any obligation under any other agreement to which Franchisor or its affiliates and Franchisee or its affiliates are parties, or (iii) any specification, standard, or operating procedure prescribed in the Confidential Manuals or otherwise in writing, and does not correct such failure within 30 business days after being notified in writing of such failure; provided, however, such cure period shall not apply and this Agreement shall be immediately terminable, at Franchisor's option, if such failure cannot reasonably be corrected in less than 30 business days after notice thereof as determined in Franchisor's sole discretion.

17.2 Franchisor's Remedies After An Event of Default.

(a) Right to Terminate. If an Event of Default occurs, Franchisor may, at its sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, Franchisee will not be relieved of any of its obligations, debts, or liabilities under this Agreement, including any debts, obligations, or liabilities that Franchisee accrued prior to such termination.

(b) Other Remedies. If an Event of Default occurs, Franchisor may, at its sole election and upon delivery of written notice to Franchisee, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Designated Area, in which event the restrictions on Franchisor and its affiliates under Section 1.3 (Exclusivity) will not apply in the geographic area that was removed from the Designated Area;

(ii) temporarily remove information concerning the Facility from Franchisor's website and/or stop Franchisee's or the Facility's participation in any other programs or benefits offered on or through Franchisor's website;

(iii) suspend Franchisee's right to participate in one or more programs or benefits that the Brand Fund provides;

(iv) suspend any other services that Franchisor or its affiliates provide to Franchisee or its affiliates under this Agreement or any other agreement;

(v) suspend or terminate any temporary or permanent fee reductions to which Franchisor might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(vi) suspend Franchisor's or its affiliates' performance of, or compliance with, any of its obligations to Franchisee or its affiliates under this Agreement or other agreements;

(vii) undertake or perform on Franchisee's behalf any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee will reimburse Franchisor upon demand for 110% of Franchisor's or its affiliates' actual costs and expenses related to performing any such obligation or duty; and/or

(viii) enter upon the premises of the Facility and exercise complete authority with respect to the operation of said business until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a designated representative or representatives of Franchisor may take over, control, and operate said business, and that Franchisee shall pay Franchisor its then-current per diem rate (which will not exceed $1,500 per representative per day), plus all costs and expenses that Franchisor and its affiliates incur providing such services. Franchisee further agrees that if Franchisor temporarily operates the Facility on behalf of Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and its representatives for any and all acts and omissions, including negligence, which Franchisor or its representatives may perform or fail to perform in connection with the operation of the Facility.

(c) Exercise of Other Remedies. Franchisor's exercise of its rights under Section 17.2(b) (Other Remedies) will not (i) be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of its other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee must continue to pay all fees and otherwise comply with all of its obligations under this Agreement (except as set forth in Section 17.2(b)(viii) (Franchisor's assumption of management)) following Franchisor's exercise of any of these rights. If Franchisor exercises any of its rights under Section 17.2(b), Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to Franchisor's reasonable satisfaction.

17.3 Notice Periods Under Applicable Law. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law,

such provisions shall, to the extent they are not in accordance with applicable law, not be effective, and Franchisor shall comply with applicable law in connection with each of these matters.

17.4 Authority to Notify Lenders and Creditors. Franchisee hereby authorizes Franchisor to notify any lender, creditor, or customer of Franchisee or the franchise upon the occurrence of an Event of Default, or of any event or circumstance which with the giving of notice or passage of time or both would constitute an Event of Default under Section 17.1 (Events of Default), and to otherwise communicate with such lenders, creditors or customers with respect to any such default, or any such event or circumstance.

## 18. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall terminate, and:

18.1 Cessation of Franchise Status. Franchisee shall immediately cease to operate the Facility under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold themselves out as a present or former franchisee of Franchisor.

18.2 System and Marks. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Marks, or any trade name, trademark or service mark confusingly similar to the Marks; and any distinctive forms, slogans, signs, symbols, colors, logos or devices associated with the Marks or the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks.

18.3 Assignment of Name. Franchisee shall take such action as may be necessary to assign to Franchisor or Franchisor's designee any assumed name or equivalent registration which contains the name "PRIMROSE" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement.

18.4 Marks. Franchisee and its Owners, jointly and severally agree, in the event they continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the premises operated under this Agreement (including the changing of any telephone numbers) immediately upon termination or expiration of this Agreement as may be necessary, in Franchisor's discretion, to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee, Real Estate Affiliate, or others, and shall make such specific additional changes to the premises as Franchisor may reasonably request for that purpose, including removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section 18, Franchisor or its affiliates shall have the right to enter upon the premises where the Facility was located, without being guilty of criminal trespass or liable for any tort, for the purpose of making or causing to be made such changes as

may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

18.5 Payment of Amounts Due, Damages, and Expenses. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including lost future royalties and reasonable attorneys' fees, incurred by Franchisor as a result of the default.

18.6 Payment of Enforcement Expenses. Franchisee shall comply with all covenants and obligations that survive this Agreement, including the covenants contained in Sections 8 (Confidential Information), 16 (Franchisee's Covenants), and 18 (Rights and Duties of Parties Upon Expiration or Termination) of this Agreement, as applicable. If, after the termination or expiration of this Agreement, Franchisee fails to comply with these Sections, Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, that Franchisor incurs in seeking to enforce such provisions, including costs related to obtaining injunctive or other relief.

18.7 Return of Confidential Manuals. Franchisee shall immediately turn over to Franchisor all hard copies and electronic forms of manuals, including the Confidential Manuals, clientele lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor or its affiliates to Franchisee, its affiliates, or any Owner relating to the operation of the Facility (all of which are acknowledged to be Franchisor's property), including all Trade Secrets and Confidential Information of Franchisor and its affiliates.

18.8 Signs. Franchisor shall acquire all right, title and interest in and to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to have access to the premises of the Facility should Franchisor elect to take possession of any said sign or sign faces bearing the Marks.

18.9 Purchase/Lease Right.

(a) Option to Purchase/Lease. Not earlier than 90 days prior to, but in no event later than 30 days following the expiration or termination of this Agreement for any reason (the "**Option Period**"), Franchisor may, at its sole option, give notice to Franchisee that it intends to purchase from Franchisee or any of its affiliates any or all of the assets relating to or used in the Facility or otherwise in Franchisee's business, including the site of the Facility (including any improvements to such real property), and all materials, furniture, equipment, inventories, and supplies relating to or used in the Facility or Franchisee's business (collectively, the "**Business Assets**"). The term Business Assets shall not include, however, any goodwill of Franchisee's business, the value of any sublease or lease under which Franchisee leases the Facility, or any Business Assets which Franchisor, in its sole opinion, deems to be unusable or obsolete. The site of the Facility, including the real property and improvements to the real property (collectively, the **"Real Property"**) shall be included in the Business Assets only if such Real Property is owned by Franchisee or any of its affiliates at the time of the expiration or termination of this Agreement. If the Real Property is not owned by Franchisee or its affiliates, Franchisor shall be entitled to exercise (i) its right to assume the lease pursuant to Section 18.9(f) (Assumption of Lease) or (ii) Franchisee's or its option to purchase the site on which the Facility is located at the end of the lease term (as specified in Section 3.4(b) (Lease or Sublease from Parties Other than Franchisor)). Franchisee agrees to provide Franchisor with any information Franchisor reasonably requires, and to allow Franchisor to inspect the Facility and its assets, to determine

whether to exercise its option under this Section 18.9. Franchisor shall have the unrestricted right to exclude any Business Assets from the schedule of assets that Franchisor shall acquire.

(b) Purchase Price. The gross purchase price for the Business Assets shall be equal to the sum of (i) the average fair market value as determined by three qualified independent appraisers, one selected by Franchisor, the second selected by Franchisee, and the third selected by the other two appraisers (net of all liens and/or encumbrances which the Business Assets shall be conveyed subject to), of the Real Property included in the Business Assets, if any, plus (ii) the lesser of Franchisee's or its affiliate's depreciated cost or fair market value of all of the personal property included in the Business Assets (with fair market value of personal property determined in the same manner as in (i) above). For purposes of the determination by such appraisers of the fair market value of the Real Property included in the Business Assets, such fair market value shall be the amount of cash which would be realized by Franchisee or its affiliate if such Real Property were sold by a willing seller to a willing buyer to be used as a System Facility as contemplated in this Agreement and for no other purpose. Any determination of the fair market value of the Business Assets shall not include any business goodwill factor. Within seven days after the determination of the purchase price, Franchisor may elect upon written notice to Franchisee to not complete the purchase or to remove a portion of the Business Assets from the schedule of assets that Franchisor shall acquire.

(c) Deductions from Purchase Price. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any sums owing, as of the date of the closing, from Franchisee and/or its affiliates to Franchisor and any of its affiliates under or in connection with this Agreement or any other agreements to which Franchisor or any of its affiliates and Franchisee or any of its affiliates are parties; (ii) any sums expended by Franchisor to cure any defaults by Franchisee and Real Estate Affiliate, as applicable, under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the Business Assets; (iii) all reasonable expenses of Franchisor incurred in negotiating and effecting the purchase of any of the Business Assets (including all attorneys' fees and other expenses); and (iv) any management fees to which Franchisor is entitled pursuant to this Section 18.9 (Purchase/Lease Right).

(d) Closing. The closing of any such purchase shall take place at a time and location to be selected by Franchisor; provided, however, that such closing shall not occur any later than 90 days after Franchisor gives the notice described above. If for any reason the closing is scheduled for a date after the expiration or termination of this Agreement, Franchisee shall, if so specifically required by Franchisor, continue to operate the Facility until such closing occurs, and in such event, this Agreement shall continue in effect until such closing occurs. At such closing, Franchisee or its affiliates shall convey all Business Assets which Franchisor elects to purchase with all warranties of good and marketable title, free and clear of all liens and encumbrances, except those of which Franchisor notifies Franchisee or its affiliates in writing prior to closing that Franchisor is willing to assume. Franchisee shall execute, and shall cause its affiliates to execute, all documents required by Franchisor, in such form as is approved by Franchisor, in order to consummate such transaction.

(e) Operation of Facility. If Franchisor notifies Franchisee of Franchisor's intent to exercise the purchase option set forth above in this Section 18.9 (Purchase/Lease Right) upon expiration or termination of this Agreement, then Franchisor shall have the right, but not the obligation, to manage the Facility for the period commencing with the expiration or termination of this Agreement until the transaction contemplated by this Section 18.9 has been consummated. Franchisor shall be entitled to a management fee equal to 5% of Franchisee's Gross Revenues

for the period during which Franchisor operates the Facility, plus reimbursement of Franchisor's and its affiliates' out-of-pocket expenses. The parties intend that claims resulting from Franchisor's management of the Facility shall be subject to indemnification by Franchisee as provided in this Section 18.9 (Purchase/Lease Right). If Franchisor exercises this right, Franchisee must execute any agreements required by Franchisor to further document this management arrangement. Franchisee acknowledges and agrees that it, its affiliates, and its Owners may not sell, lease, or otherwise dispose of any of the Business Assets until the earlier of (i) the expiration of the Option Period (unless Franchisor gives notice of its intent to exercise the option within the Option Period), (ii) its receipt from Franchisor of a written notice that Franchisor does not intend to exercise its option, or (iii) the expiration of the option due to Franchisor's failure to comply with the deadlines set in this Section 18.9. If Franchisor provides written notice that it will not be exercising its option to purchase certain Business Assets, Franchisee, its affiliates, and its Owners may sell, lease, or otherwise dispose of such assets.

(f) Assumption of Lease. In lieu of exercising the other rights granted to Franchisor pursuant to this Section 18.9 (Purchase/Lease Right), Franchisor shall have the right: (i) if the lessor under the lease is Real Estate Affiliate, upon termination of this Agreement prior to its expiration, to assume the existing lease for the Facility for the remaining term of the lease, upon the terms and conditions contained in the lease as previously approved by Franchisor; and (ii) upon expiration or termination if the lessor under the lease is Real Estate Affiliate, upon expiration or termination to assume such lease for the remaining term of the lease which, if less than ten years, shall, at Franchisor's option be modified to be ten years or such other term as lessor and Franchisee may agree to. Franchisor shall have the right to assign its rights under this paragraph to a third party or to sublease the premises subject to the lease without the prior written consent of the lessor. Franchisee shall cause the lessor under the lease for the premises to execute such documents and to take such other and further action as Franchisor may reasonably require implementing the provisions of this paragraph.

(g) Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 18.9 (Purchase/Lease Right) to any other person or entity.

18.10 Assignment of Identifiers. Upon termination or expiration of this Agreement, Franchisee immediately shall take all action, or cause its affiliates or Owners to take all action, required to cancel or transfer to Franchisor or its designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Facility or the Marks (collectively, **"Identifiers"**). Franchisee acknowledges that as between Franchisee and its affiliates and Franchisor and its affiliates, Franchisor and its affiliates have the sole right to and interest in all Identifiers. If Franchisee fails to comply with this Section 18.10, Franchisee hereby authorizes Franchisor and irrevocably appoints Franchisor or its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to Franchisor. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Identifiers and Franchisor's authority to direct their transfer.

18.11 Other Surviving Obligations. All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding such expiration or termination for any reason and until they are satisfied or by their nature expire.

## 19. TRANSFERABILITY OF INTEREST

19.1 By Franchisor. This Agreement and all rights hereunder may be assigned and transferred by Franchisor without limitation and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

19.2 By Franchisee. This Agreement and all rights hereunder may be assigned and transferred by Franchisee and, if so, shall be binding upon and inure to the benefit of Franchisee's successors and assigns, subject to the following conditions and requirements, and Franchisor's right of first refusal as set forth in Section 21 (Right of First Refusal). For purposes of this Agreement, **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any direct or indirect legal or beneficial ownership interest in this Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of Franchisee's Entity. **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance of any direct or indirect legal or beneficial ownership interest in this Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of Franchisee's Entity. A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Facility or all or substantially all of the Facility's assets; or (iii) any Controlling Ownership Interest (defined below) in Franchisee's Entity, whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "**Controlling Ownership Interest**" in Franchisee's Entity means an interest, the acquisition of which grants the power (whether directly or indirectly) to direct, or cause the direction of, management and policies of Franchisee or the Facility to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition. For the avoidance of doubt, the Transfer of a 50% or more interest in Franchisee's Entity will always be a Transfer of a Controlling Ownership Interest and the Transfer of less than a 50% interest in Franchisee's Entity may qualify as a Transfer of a Controlling Ownership Interest in certain circumstances.

(a) No Transfer Without Franchisor's Consent. Franchisee and its Owners may not make a Transfer or permit any Transfer to occur without the prior written consent of Franchisor. Any purported Transfer of any of Franchisee's or any Owner's rights herein not having the aforesaid consent shall be null and void and shall constitute an Event of Default.

(b) Notice of Proposed Transfer or Offer. If Franchisee or any of its Owners desire to make a Transfer, Franchisee must promptly provide Franchisor with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that Franchisor reasonably requires. Franchisor has the right to communicate with both Franchisee, its counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer may be completed until at least 60 days after Franchisor receives written notice of the proposed Transfer. If Franchisor requires additional time to comply with franchise disclosure laws, Franchisee must delay the Transfer until Franchisor has complied with such laws. Franchisee agrees to indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Section 19.2(b).

(c) Obtaining Franchisor's Consent. Franchisor shall not unreasonably withhold its consent to any Transfer when requested. If the Facility is not open and operating, Franchisor will not consent to a Transfer of this Agreement and is under no obligation to do so. Among other requirements and conditions that may be specified by Franchisor, Franchisor

requires the following conditions and requirements to be met to the full satisfaction of Franchisor before Franchisor will grant its consent:

(i) Control Transfer. For a proposed Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, the following conditions apply (unless waived by Franchisor):

a) the transferee(s) shall meet Franchisor's then-current requirements for approval as a new franchisee. If the transferee is an existing franchisee, in addition to any other requirements, the transferee shall not be in default under any agreements with Franchisor and its affiliates, shall have complied with standards and requirements throughout the term, and shall, in Franchisor's sole discretion, have the financial and operational capacity to operate an additional facility. Franchisee and its Owners shall provide Franchisor with such information as Franchisor may require making such determination concerning each such proposed transferee;

b) the transferee(s) or such other individual(s) as shall be the on-site owner or Director of the franchise shall have successfully completed and passed the Initial Training then in effect for franchisees or otherwise demonstrated to Franchisor's satisfaction sufficient ability to operate the Facility being transferred;

c) the transferee(s), including all shareholders, officers, directors, managers, members and partners of the transferee(s), shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct: (i) a Franchise Agreement and other standard ancillary agreements with Franchisor on the then-current standard forms being used by Franchisor for a term of ten years; and/or (ii) a written assignment from Franchisee in the form prescribed by Franchisor, wherein the transferee(s) shall assume all of Franchisee's obligations hereunder;

d) approval by Franchisor of any Transfer by Franchisee shall in no way be deemed a release by Franchisor of Franchisee's or Owner's obligations pursuant to this Agreement, including its obligation to comply with the covenants in Section 16 (Franchisee's Covenants). Consent by Franchisor to a Transfer of the franchise shall not constitute or be interpreted as consent for any future Transfer;

e) for the transferee Entity:

i) each certificate of the transferee shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

ii) no new equity interest in the transferee shall be issued to any person or Entity, without obtaining Franchisor's prior written consent; and

iii) all partners, shareholders, or members of the transferee shall guarantee the performance of the transferee of all obligations under this Agreement;

f) all accrued monetary and other obligations of Franchisee and any Real Estate Affiliate to Franchisor, its affiliates, or its assignees, shall be fully paid and

satisfied prior to the Transfer, and Franchisee shall not be in default under the terms of this Agreement;

g) Franchisee must prior to the Transfer (or, if Franchisor, in its sole discretion, consents in writing, the transferee in a period that Franchisor designates after the Transfer occurs) bring the Facility into compliance with Franchisor's then-current standards, which may require remodeling, modernizing, or redecorating the Facility in accordance with Section 3.14 (Remodeling and Alterations);

h) Franchisee and its Owners, prior to the Transfer, shall execute a termination agreement (in a form prescribed by Franchisor), as well as a general release (in a form prescribed by Franchisor) of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;

i) the transferee(s) must meet all applicable child care licensing requirements of the municipality, county, and state in which the Facility is located;

j) the transferee(s) must provide to Franchisor, for Franchisor's review and approval, which approval will not be unreasonably withheld, a business plan for the operation of the Facility;

k) Franchisee must pay to Franchisor, at the time the contemplated Transfer is consummated, a Transfer Fee of 40% of the then-current Initial Fee charged to existing franchisees purchasing a new franchised System Facility (the "**Transfer Fee**"), plus all reasonable costs incurred by Franchisor or reasonably anticipated to be incurred by Franchisor for the training, supervision, administrative costs, overhead, attorneys' fees, accounting and other expenses of Franchisor incurred in connection with the transfer (collectively the "**Transfer Costs**"). Notwithstanding anything to the contrary in this Agreement, Franchisee shall be required to reimburse Franchisor promptly on demand for all Transfer Costs in the event the contemplated Transfer is not consummated for any reason whatsoever;

l) Franchisee must pay to Franchisor, at the time the contemplated Transfer is consummated, the then-current Initial Training Fee, which is currently $35,000 but may be increased in any calendar year by up to 25% of the then-current fee;

m) the transferee must pay to Franchisor, at the time the contemplated transfer is consummated, a non-refundable Initial Fee equal to 60% of the then-current Initial Fee charged to existing franchisees purchasing a new franchised System Facility;

n) Franchisor must review the proposed purchase, merger, or assignment agreement and determine, in its sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Facility;

o) if transferee and its owners finance any part of the purchase price, they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Facility are subordinate to the transferee's obligation to pay all amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement; and

p) Franchisee must provide Franchisor with a copy of all executed agreements related to the Transfer, including the purchase or merger agreement that includes the final purchase price and purchase price allocation.

(ii) Non-Control Transfer. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, Franchisee and/or its transferee must (unless waived by Franchisor) (a) satisfy the conditions in Sections 19.2(c)(i)(a) (good moral character), 19.2(c)(i)(d) (no release of obligations), 19.2(c)(i)(e) (certificate terms), 19.2(c)(i)(f) (pay all sums owed and no defaults), 19.2(c)(i)(h) (general release), 19.2(c)(i)(i) (transferee meets licensing requirements), 19.2(c)(i)(n) (subordinate obligations), and 19.2(c)(i)(o) (no release of covenants) and (b) pay Franchisor its then-current Transfer Fee for Transfers that do not result in a Control Transfer, which are currently, for each Franchise Agreement, $3,250 per Owner added and $1,250 per Owner removed but may be increased in any calendar year by up to 25% of the then-current fee. Franchisee, its Owners, and its transferee must execute a written assignment in the form prescribed by Franchisor and any other related documents that Franchisor specifies to reflect Franchisee's new ownership structure.

19.3 Transfers Involving Trusts.

(a) Transfer to a Revocable Trust. Notwithstanding Section 19.2 (By Franchisee), any Owner who is an individual may Transfer his or her ownership interest in Franchisee's Entity (or in any Entity that is an Owner of Franchisee's Entity) to a trust that he or she establishes for estate planning purposes, as long as (a) he or she is a trustee of the trust and otherwise controls the exercise of the rights in Franchisee (or Franchisee's Owner) held by the trust; (b) Franchisee provides Franchisor with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates its compliance with this provision at least 30 days before the Transfer's anticipated effective date; and (c) the trust is held for the sole benefit of Owner during Owner's lifetime and is revocable by Owner.

(b) Transfer to an Irrevocable Trust. Any Transfer to an irrevocable trust shall be subject to Section 19.2, including Franchisor's approval right, and any additional conditions specified by Franchisor.

(c) Changes to a Trust. Any (i) dissolution of a trust or (ii) Transfer of any interests held by a trust shall be subject to all applicable terms and conditions of Section 19.2.

(d) Changes to a Trustee. In the event of any change in the office of Trustee of any trust that is an Owner, whether as a result of resignation, removal, death, incompetency, or the appointment of a co-trustee, Franchisor shall not unreasonably withhold its consent to such change, provided that (i) the ownership interests continue to be held by the same trust, (ii) there is no change in control of the Franchisee, and (iii) the Franchisee, outgoing Trustee (for the execution of the termination agreement and general release), and the new trustee/transferee ("**New Trustee**") (a) satisfy the conditions specified in Sections 19.2(c)(i)(a) (good moral character), 19.2(c)(i)(d) (no release of obligations), 19.2(c)(i)(f) (pay all sums owed and no defaults), 19.2(c)(i)(h) (general release), and 19.2(c)(i)(i) (transferee meets licensing requirements), (b) pay Franchisor the Transfer Costs, and (c) execute any documents that Franchisor specifies to reflect the change in Trustee. If Franchisor does not consent to the change in Trustee and the New Trustee is nevertheless appointed, the appointment shall be deemed to be an Event of Default (for which Franchisor may terminate this Agreement), unless within six months of the date that the New Trustee is appointed (i) the New Trustee is replaced by a trustee approved by Franchisee in accordance with this Section 19.3(d) or (ii) the ownership interests held by the trust are transferred to an approved third party in accordance with Section 19.2 (By Franchisee).

19.4 No Advertisements. Franchisee shall not, without the prior written consent of Franchisor, place in, on, or upon the location franchised hereunder, or in any communication media, any form of advertising relating to the sale or rental of the Facility or the rights granted hereunder.

## 20. DEATH OR INCAPACITY

20.1 Procedure for Transfer. If any individual Owner dies or becomes incapacitated, such Owner's executor, administrator, or personal representative must apply to Franchisor in writing within 90 days after the death or incapacity occurs for consent to Transfer the person's interest to a qualified transferee. The Transfer will be subject to the provisions of Section 19.2 (By Franchisee) and 21 (Right of First Refusal), as applicable, except no Transfer Fee, Transfer Costs, or Initial Fee shall be due. The Transfer must be completed to a transferee approved by Franchisor within 180 days after the death or declaration of incapacity of the Owner. In addition, if the deceased or incapacitated person is the On-Site Owner, Section 22 (Operation in the Event of Absence, Incapacity or Death) may apply.

20.2 Reversion. In the event of the death or incapacity of any Owner, where the aforesaid provisions of Sections 19 and 20 have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate and automatically revert to Franchisor.

20.3 Incapacity. For purposes of this Agreement, "**incapacity**" shall be defined as any physical or mental infirmity that will prevent an individual from operating or overseeing the operation of the Facility (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during any rolling 12-month period.

## 21. RIGHT OF FIRST REFUSAL

21.1 Option. If Franchisee or an Owner shall at any time decide to solicit or consider offers for a Transfer (including a Transfer of any ownership interests or assets that would close after the expiration of the Term), it shall obtain a bona fide written offer from a legitimate and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor prior to entering into a binding agreement related to the Transfer. Franchisor may withhold its consent to any such transaction as provided for in Section 19 (Transferability of Interests), if applicable, or shall have the option, exercisable within 30 days after its receipt of such entire offer, to purchase such assets or interests on the same terms and conditions offered by or to the purchaser; provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Franchisee shall not permit any such offer to include any assets other than those used in the operation of the business of the Facility in accordance with the System.

21.2 Terms. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any real estate or brokerage commission which Franchisor or its designated purchaser is required to pay, (ii) any sums owing, as of the date of the closing, from Franchisee or any of its Affiliates to Franchisor and any of its affiliates under or in connection with this Agreement or any other agreements to which Franchisor or any of its affiliates and Franchisee or any of its affiliates are parties, (iii) any sums expended by Franchisor to cure any defaults by Franchisee and any of its affiliates, as applicable, under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the assets of the franchise. The closing of Franchisor's exercise of such option shall occur within 90 days after Franchisor's election of such option. As a result of the closing, this Agreement shall be terminated, but Franchisee shall

remain responsible for its obligations hereunder which survive the termination of this Agreement. Franchisee shall transfer and deliver all of such assets or Interests to Franchisor free and clear of all liens, with all warranties of title and otherwise as shall be required by Franchisor.

21.3 Refusal to Exercise. If Franchisor does not exercise the right of first refusal set forth in this Section 21 (Right of First Refusal), the offer may be accepted by Franchisee or an Owner, subject to the prior written approval of Franchisor, as provided in Section 19 (Transferability of Interests). If any such proposed Transfer is not consummated within three months of the date of such initial written offer or if there is any material modification to the terms of the offer that was presented to Franchisor, Franchisor shall again have the right of first refusal herein described. Any Transfer is conditional upon Franchisor's determination that the Transfer was on terms substantially the same as those offered to Franchisor.

21.4 Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 21 (Right of First Refusal) to any other person or Entity.

## 22. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

22.1 Right to Operate. In order to prevent any interruption of the Facility which would cause harm to and depreciate the value of said business, if, in the sole judgment of Franchisor, (i) the On-Site Owner is absent, incapacitated (as defined herein), or deceased and (ii) there is no other Owner that is available and qualified to operate the Facility, Franchisee authorizes Franchisor to operate the Facility for so long as Franchisor deems necessary and practical, without waiver of any other rights or remedies Franchisor may have under this Agreement.

22.2 Operation of the Facility. All monies from the operation of the Facility during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Facility, including reasonable compensation and expenses for Franchisor's representative overseeing the operation of the Facility, shall be charged to said account with any deficiencies being reimbursed to Franchisor by Franchisee. Franchisee and its Owners, officers, directors and managers agree, jointly and severally, to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the acts and omissions of Franchisor and its representative during Franchisor's operation of the Facility. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 22 to any other person or Entity.

## 23. INDEPENDENT CONTRACTOR

23.1 Relationship of the Parties. Franchisee is an independent contractor. Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between the parties. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Although Franchisor retains the right to establish and modify the System that Franchisee must follow, Franchisee retains the responsibility for the day-to-day management and operation of the Facility and implementing and maintaining standards at the Facility. To the extent that the Confidential Manuals or Franchisor's guidelines or standards contain employee-related policies or procedures that might apply to Franchisee's employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures

to be implemented by Franchisee. Franchisee must determine to what extent, if any, these policies and procedures may be applicable to Franchisee's operations at the Facility. Franchisor and Franchisee recognize that Franchisor neither dictates nor controls labor or employment matters for franchisees and that Franchisee, and not Franchisor, is solely responsible for dictating the terms and conditions of employment for Franchisee's employees including training, wages, benefits, promotions, hirings and firings, vacations, safety, work schedules, and specific tasks. Franchisor has no relationship with Franchisee's employees and Franchisee has no relationship with Franchisor's employees.

23.2 Public Representation. During the Operating Term and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place on the premises of the Facility and on all forms, stationery or other written materials, the content of which Franchisor reserves the right to specify. Additionally, Franchisee shall prominently display, in a location determined by Franchisor, a notice which states "Franchises Available."

## 24. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair Franchisor's rights, nor shall it constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder or the granting of a successor term hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

## 25. NOTICE

25.1 To Franchisor. Franchisee may deliver all routine requests for approval, day-to-day operational communications, and reports to the e-mail addresses that Franchisor designates in writing from time to time, but Franchisee must deliver all legal notices (including notices related to defaults, terminations, renewals, and Transfers) (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the following address (which Franchisor may change upon delivery of written notice to Franchisee): PRIMROSE SCHOOL FRANCHISING SPE, LLC 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339, Attn: General Counsel.

25.2 To Franchisee. Franchisor may deliver all communications to Franchisee, including legal notices (such as notices related to defaults, terminations, renewals, and Transfers), to the e-mail address that Franchisee designates in writing from time to time or (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the Facility address or the address listed on the first page of this Agreement (which Franchisee may change upon delivery of written notice to Franchisor).

25.3 Timing of Receipt. All approvals, requests, notices, reports, and payments will be deemed delivered (a) at the time delivered by hand; (b) one business day after sending by e-mail; or (c) upon attempted delivery when sent by registered or certified mail or overnight delivery service.

## 26. COST OF ENFORCEMENT OR DEFENSE

In the event that either party to this Agreement is required to employ legal counsel or to incur other expense to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform any obligation imposed upon the other party by this Agreement, and provided that legal action is filed and such action or the settlement thereof establishes the other party's default hereunder, then the prevailing party shall be entitled to recover from the other party the amount of all reasonable fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter. Nothing contained in this Section 26 shall relate to arbitration proceedings pursuant to this Agreement.

## 27. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto, and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and supersede all prior agreements, except for any representations included in Franchisor's Franchise Disclosure Document (the **"FDD"**). Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the FDD. Except for any representations included in this Agreement and in the FDD, no other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein or in the FDD, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

## 28. SEVERABILITY AND CONSTRUCTION

28.1 Severability. Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, it shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and the invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines the finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

28.2 Payment of Costs, Expenses and Fees. To the extent that Franchisee is required under this Agreement to reimburse Franchisor for certain costs or expenses, or to pay Franchisor certain hourly or per diem fees, and such costs or expenses actually are incurred by, or such fees actually are charged by, an affiliate or agent of Franchisor, Franchisee shall be obligated to reimburse or pay such affiliate or agent, in lieu of reimbursing or paying Franchisor, as directed from time to time by Franchisor.

28.3 No Rights to Other Parties. Except for rights granted in this Agreement to (i) Franchisor's affiliates and Franchisor's and such affiliates' successors and assigns and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives and (ii) Franchisee's successors and assigns, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal Entity other than Franchisor or Franchisee any rights or remedies under, or by reason of, this Agreement.

28.4 System Facilities and Franchisees. All references to "System Facilities" include System Facilities operated or licensed to third parties by Franchisor or its affiliates. All references to "franchisees" include franchisees licensed to operate System Facilities by Franchisor or its affiliates.

28.5 Franchisee's Agreement to Be Bound. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

28.6 Construction. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

28.7 Successors and Assigns. As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and the term "Franchisor" shall include all person who succeed to the interest of the original Franchisor by transfer of operation of law.

28.8 Counterparts. This Agreement may be executed in two or more counterparts, and each copy so executed shall be deemed one and the same original instrument.

## 29. APPLICABLE LAW

29.1 Place of Execution and Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in Georgia; and shall be interpreted and construed under the laws of Georgia, which laws shall prevail in the event of any conflict of law, except the law of the state in which the Facility is located shall apply to the construction and enforcement of the obligations set forth in Section 16 (Franchisee's Covenants).

29.2 Court Actions. The parties agree that any actions permitted to be brought under this Agreement by either party in any court, whether federal or state, shall be brought within the United States District Court for the district where Franchisor's principal place of business is located at the time such action is filed, or the Superior (or any comparable) Court where Franchisor's principal place of business is located at the time such action is filed, and do hereby waive all objections based upon lack of personal jurisdiction or improper venue for the purposes of carrying out this provision.

29.3 Cumulative Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed to be, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

## 30. ARBITRATION

30.1 Arbitration. Except for actions by Franchisor or Franchisee for injunctive or other equitable relief or to enforce a final judgment or arbitral award, and for claims to the extent that they relate to the protection or enforcement of Franchisor's or its affiliates' rights in and to intellectual property (including the Marks), the parties agree that any and all disputes between them or any of their affiliates, and any claim by either party or any of their affiliates, that cannot be amicably settled, shall be determined solely and exclusively by arbitration in accordance with the rules established by the American Arbitration Association or any successor thereof ("**AAA**"). Arbitration shall take place at an appointed time and place at the office of AAA nearest to Franchisor's principal place of business at the time such proceeding is filed. The arbitrators shall not have the right to alter the locale of the arbitration as set forth in the preceding sentence. Each party shall cause its affiliates to abide by the provisions of this Section 30 (Arbitration).

30.2 Selection of Arbitrators. Franchisor, on behalf of itself and each of its affiliates, and Franchisee shall select one arbitrator (who shall not be counsel for any party), and the two so designated shall select a third arbitrator. If either party shall fail to designate an arbitrator within seven days after arbitration is requested, or if the two arbitrators shall fail to select a third arbitrator within 14 days after arbitration is requested, then such arbitrator shall be selected by AAA or its successor upon application of either party. Judgment upon any award of the majority of arbitrators shall be binding and shall be entered in a court of competent jurisdiction. The award of the arbitrators may grant any relief which might be granted by a court of general jurisdiction, including by reason of enumeration, award of damages and/or injunctive relief, but excluding punitive or exemplary damages, and may, in the discretion of the arbitrators, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrators and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrators shall determine.

30.3 Equitable Relief Allowed. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NOTHING CONTAINED IN THIS AGREEMENT SHALL BAR FRANCHISOR, FRANCHISEE, OR FRANCHISOR'S AFFILIATES' RIGHT AT ANY TIME TO (i) SEEK IN A COURT OF COMPETENT JURISDICTION AND OBTAIN TEMPORARY OR PERMANENT INJUNCTIVE OR OTHER EQUITABLE RELIEF (INCLUDING RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES) UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY AND PERMANENT INJUNCTIONS; OR (ii) ENFORCE IN A COURT OF COMPETENT JURISDICTION A FINAL JUDGMENT OR ARBITRAL AWARD.

30.4 No Class-wide Arbitration. It is the intent of the parties that any arbitration between Franchisor or any of its affiliates and Franchisee or any of its affiliates shall be of any individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

## 31. DELEGATION AND FRANCHISOR'S RELATED PARTIES

31.1 Delegation. Franchisor has the right, in its sole discretion, to delegate the performance of all of (or any portion of) its rights and obligations or liabilities under this Agreement

to designees, whether they are its affiliates, agents, or other independent contractors. Despite any such delegation, Franchisor shall remain solely responsible to Franchisee for any of Franchisor's obligations or liabilities under this Agreement.

31.2 Limited Liability for Franchisor's Related Parties. Franchisee hereby acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, Entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor shall have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisor and any Franchisee, or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

## 32. INDEMNIFICATION

32.1 Indemnification Obligation. Franchisee and its Owners, jointly and severally, agree to defend, indemnify and hold harmless Franchisor and its affiliates, and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the **"Indemnified Parties"**) from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (i) the operation of the Facility, (ii) the business Franchisee conducts under this Agreement or any other agreement between Franchisee, its affiliates, or its Owners and Franchisor or its affiliates, (iii) Franchisee's, its affiliates', or its Owners' breach of this Agreement or any other agreement with Franchisor or its affiliates, (iv) Franchisee's noncompliance or alleged noncompliance with any law or regulation; (v) any training or continuing education programs provide by Franchisor or its affiliates to Franchisee or its trainees; or (vi) any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees. **"Losses"** include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

32.2 Indemnification Procedure. Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release Franchisee from its indemnification obligations under this Section except to the extent Franchisee is actually and materially prejudiced by such failure. Franchisee shall have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, (ii) Franchisee does not assume responsibility for such Losses in a timely manner, (iii) the claim involves any elements of the Marks, or (iv) Franchisee fails to defend a

claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and Franchisee shall pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense.

32.3 Cooperation and Settlement. Franchisee or the Indemnified Party (as the case may be) shall keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Party, (i) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (ii) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this Section shall be settled by the Indemnified Party without Franchisee's prior written consent.

32.4 Willful Misconduct or Gross Negligence. Franchisee has no obligation to indemnify or hold harmless an Indemnified Party, and Franchisor will reimburse Franchisee for, any Losses to the extent they are determined in a final, not appealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 32.4 limits Franchisee's obligation to defend Franchisor and the other Indemnified Parties under Section 32.1 (Indemnification Obligation).

32.5 Survival and Recovery. Franchisee's obligations in this Section 32 (Indemnification) will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisor under this Section 32. Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 32.

## 33. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

33.1 Receipt of Agreement and Disclosure Document. Franchisee acknowledges that it and its Owners have received a copy of this Agreement and the attachments hereto fully completed at least seven calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee received the FDD at least 14 calendar days prior to the date on which this Agreement was executed.

33.2 Representation and Warranties.

(a) The information (including all personal and financial information) furnished and to be furnished to Franchisor by or on behalf of Franchisee is as of the date of this Agreement or such other date such information is furnished to Franchisor, as the case may be, true and

correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

(b) Franchisee is organized, validly existing, and in good standing under the laws of its jurisdiction of organization, and has full power and authority to execute, deliver, and perform this Agreement.

(c) This Agreement has been duly authorized and executed by or on behalf of Franchisee and constitutes the valid and binding obligation of Franchisee, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

(d) Franchisee has made available to Franchisor true, correct, and complete copies of all loan documents, promissory notes, security agreements, and other instruments or documents relating to any direct or indirect indebtedness for borrowed money of Franchisee.

33.3 Acknowledgements in Certain States. The following acknowledgements apply to all franchisees and Facilities, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

(a) Understanding of Agreement and FDD. Franchisee and its Owners represent and acknowledge that they have read and understand this Agreement and the FDD, and that Franchisor has accorded Franchisee and its Owners ample time and opportunity to consult with advisors of its and their own choosing about the potential benefits and risks of entering into this Agreement.

(b) No Reliance on Contrary Representations. Franchisee and its Owners acknowledge that they have no knowledge of, and are not relying on, any representation, warranty, or guarantee by Franchisor or its officers, directors, shareholders, employees, or agents that is contrary to the statements made in the FDD or to the terms of this Agreement.

(c) Representation by Legal Counsel. Franchisee acknowledges and represents that it and its Owners have retained legal counsel (i) to review with them the FDD and the Exhibits thereto, including this Agreement, and such legal counsel has done so, and (ii) to represent them in connection with the offer and sale of a Primrose® franchise.

(d) No Financial Performance Representations. Franchisee represents that neither Franchisor nor any person acting on its behalf has made any financial performance representations, including any representation, warranty or guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this Agreement, except for representations and agreements made in the FDD and the Exhibits thereto.

(e) No Representations of Success. Franchisee acknowledges that the success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent businessperson, and Franchisee's active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the Facility or Franchisee's business.

33.4 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and Facilities that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by Franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on behalf of Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

33.5 Owners and Affiliated Parties.

(a) Owners' Obligations. Franchisee shall cause all of its Owners, and upon Franchisor's direction all of its Owners' spouses, to sign and be bound by applicable provisions of this Agreement by signing this Agreement and/or the Payment and Performance Guarantee, in the form attached at the end of this Agreement (the "**Guarantee**"). Owners, by signing this Agreement or the Guarantee, and Owners' spouses, by signing the Guarantee, agree, jointly and severally, to be bound by their respective representations, warranties and obligations under this Agreement, including those representations, warranties and obligations set forth in Sections 6 (Proprietary Marks), 8 (Confidential Information), 16 (Franchisee's Covenants), 18 (Rights and Duties of Parties Upon Expiration or Termination), 19 (Transferability of Interest), 21 (Right of First Refusal), 22 (Operation in the Event of Absence, Incapacity or Death), 23 (Independent Contractor), and 32 (Indemnification) of this Agreement. Franchisee shall be responsible for Owners' and Owners' spouses' performance of, and shall be liable to Franchisor for any breach or violation by Owners or their spouses of, the above-described provisions.

(b) Ownership by a Trust. If a trust is an Owner of Franchisee, for the avoidance of doubt, the Trustees of such trust shall be deemed to be an Owner under this Agreement and shall carry out all duties and obligations of an Owner. By signing this Agreement and/or the Guarantee, the Trustees represent that they are duly authorized under the terms of the applicable trust to be bound to the terms of this Agreement and carry out all duties and obligations of an Owner hereunder and that doing so will not be violation of any of their duties as trustees of such trust. Unless otherwise agreed by Franchisor, settlors and beneficiaries of any trust, except to the extent they also serve as trustees, shall not be deemed to be an Owner and shall not (i) have any direct, on-site involvement in the operation of the Facility, (ii) attend any training programs related to the operation of the Facility, (iii) communicate directly with customers (unless Primrose consents otherwise in writing) concerning the Facility, or (iv) receive any Confidential Information or Trade Secrets, except for financial information and business plans specifically related to the Facility.

(c) Affiliates' Obligations. To the extent that this Agreement mandates that Franchisee's affiliates (including its Real Estate Affiliate) are obligated to undertake certain actions hereunder (including signing any agreements), Franchisee shall cause all such affiliates to undertake and perform all such actions and Franchisee shall be liable to Franchisor for the failure of any such affiliate to so comply.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement as of the Effective Date.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

Acknowledged and Agreed to by:
**REAL ESTATE AFFILIATE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Primrose School Franchising SPE, LLC (**"Franchisor"**) to enter into a certain Franchise Agreement by and between Franchisor and [NAME OF ENTITY] ("**Franchisee**") dated _____ (the **"Franchise Agreement"**) to which this Payment and Performance Guarantee (the **"Guarantee"**) is attached, the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree as follows:

**1. Guarantee of Payment and Performance.** The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee or Real Estate Affiliate to Franchisor or its affiliates, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or any other agreement between Franchisee or Real Estate Affiliate and Franchisor or its affiliates, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

**2. Waivers by Guarantors.**

**(a)** The Guarantors each waive: (i) all rights to payments and claims for reimbursement or subrogation that any of the Guarantors may have against Franchisee or Real Estate Affiliate arising as a result of the Guarantor's execution of and performance under this Guarantee, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee or Real Estate Affiliate under any applicable bankruptcy law with respect to Franchisee's or Real Estate Affiliate's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee or Real Estate Affiliate for any Guaranteed Liabilities, proceed against or exhaust any security from Franchisee or Real Estate Affiliate, take any action to assist any of the Guarantors in seeking reimbursement or subrogation in connection with this Guarantee or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee or Real Estate Affiliate; (iii) any benefit of, or any right to participate in, any security now or hereafter held by Franchisor; and (iv) all rights to acceptance and notice of acceptance by Franchisor of the Guaranteed Liabilities under this Guarantee, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any of the Guaranteed Liabilities, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any of the Guaranteed Liabilities, and any other notices and legal or equitable defenses to which a Guarantor may be entitled.

**(b)** Franchisor shall have no present or future duty or obligation to the Guarantors under this Guarantee, and each Guarantor waives any right to claim or assert any such duty or obligation, to discover or disclose to any Guarantor any information, financial or otherwise, concerning Franchisee, Real Estate Affiliate, any other Guarantor, or any collateral securing any Guaranteed Liabilities. Without affecting the obligations of Guarantor under this Guarantee, Franchisor may, without notice to any Guarantor, (a) extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement, any other agreement, or any indebtedness or Guaranteed Liability, (b) settle, adjust, release, or compromise (including if made in or out of court on receivership, liquidation, bankruptcy,

reorganization, arrangement, or assignment for the benefit of creditors) any claims against Franchisee, Real Estate Affiliate, or any Guarantor, (c) make advances for the purpose of performing any Guaranteed Liabilities, or (d) assign the Franchise Agreement or any other agreement or the right to receive any sum payable under the Franchise Agreement or any other agreements, and the Guarantors each hereby jointly and severally waive notice of same.

**3. Term.** This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee or Real Estate Affiliate to Franchisor and its affiliates have been paid and satisfied in full. This Guarantee will be effective regardless of the insolvency of Franchisee or Real Estate Affiliate by operation of law, any reorganization, merger, or consolidation of Franchisee or Real Estate Affiliate, or any change in the ownership of Franchisee or Real Estate Affiliate. The Guarantors expressly acknowledge that the Guaranteed Liabilities survive the expiration or termination of the Franchise Agreement.

**4. No Waiver by Franchisor.** No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

**5. Other Covenants.** Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, any and all obligations of an "Owner" under the Franchise Agreement, including Section 16 (Franchisee's Covenants) of the Franchise Agreement. Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, the provisions of Sections 6 (Proprietary Marks), 8 (Confidential Information), 18 (Rights and Duties of Parties Upon Expiration or Termination), 19 (Transferability of Interest), 21 (Right of First Refusal), 22 (Operation in the Event of Absence, Incapacity or Death), 23 (Independent Contractor), 32 (Indemnification), and 33.6 (Owners and Affiliated Parties) of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement. Each of the Guarantors will take any and all actions as may be necessary or appropriate to cause Franchisee or Real Estate Affiliate to comply with the Franchise Agreement or any other agreements and will not take any action that would cause Franchisee or Real Estate Affiliate to be in breach of the Franchise Agreement or any other agreements.

**6. Dispute Resolution.** Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement are hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

**7. Miscellaneous.** This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee. To the extent that any provision of this Guarantee would violate any applicable usury statute or any other applicable law, the Guaranteed Liabilities will be reduced to the limit legally permitted, but the Guaranteed Liabilities will be fulfilled to the limit of its legal validity. The cessation of or release from liability of any Guarantor will not relieve any other Guarantor from liability under this Guarantee, the Franchise Agreement, or any other agreement, except to the extent that the default has been remedied or monies owed have been paid.

**IN WITNESS WHEREOF**, each Guarantor has signed and delivered this Guarantee as of the date stated below Guarantor's signature:

**GUARANTORS:**

x: _____
[INSERT LEGAL NAME]

Address: _____

_____

Date: _____

x: _____
[INSERT LEGAL NAME]

Address: _____

_____

Date: _____

x: _____
[INSERT LEGAL NAME]

Address: _____

_____

Date: _____

x: _____
[INSERT LEGAL NAME]

Address: _____

_____

Date: _____

**EXHIBIT A.1**
**TO**
**FRANCHISE AGREEMENT**

**FRANCHISEE-SPECIFIC INFORMATION**

1. **Effective Date:**

2. **School ID Number:**

3. **Franchisee's Name:**

4. **Franchisee's State of Incorporation or Organization and Entity Type:**

5. **Franchisee's Principal Business Address:**

6. **Ownership of Franchisee:** The following persons constitute all Owners of Franchisee and their percentage ownership interest in Franchisee:

| [Entity Name] | Percentage Ownership |
|---|---|
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |
| _____ | _____% |

**7. DELETE FOR NEW AWARD. FOR TRANSFERS & SUCCESSORS: Initial Operating Term (Section 2.1):** expires on _____ (10 years from execution)

8. **Initial Fee (Section 1.4): $**

9. **On-Site Owner (Section 13.6(b)):**

**EXHIBIT A.2**
**TO**
**FRANCHISE AGREEMENT**

**[FRANCHISEE ENTITY NAME]**

**DEVELOPMENT AREA**

The Development Area is set forth on the map attached as Exhibit A.2 and the Development Area shall be within the boundaries described below. Unless otherwise specified below, where streets or roads are used as boundaries for the Development Area, the Development Area shall include only the area which is within a boundary line which is deemed to run continuously inside the interior side of any such streets or roads and shall not include any area which falls on the exterior of such deemed boundary line.

INSERT MAP

**EXHIBIT A.3**
**TO**
**FRANCHISE AGREEMENT SITE FOR THE FACILITY**

**INSERT SCHOOL ADDRESS FOR TRANSFERS & SUCCESSORS**

**AND**

**FOR SITE FIRST & ACQUISITIONS**

As described in Section 1.1 (Grant of License), the Facility shall be operated at the following site:

_____

Franchisor agrees that, effective on the date specified below, the address listed above is accepted by Franchisor as the site for the Facility.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

Date: _____

**EXHIBIT A.4**
**TO**
**FRANCHISE AGREEMENT**

**PRIMROSE SCHOOL OF _____**

**DESIGNATED AREA**

Unless described below on this page of Exhibit A.4, the Designated Area is set forth on the map attached as Exhibit A.4. The Designated Area shall be within the boundaries described below or indicated on the attached map. Unless otherwise specified below, where streets or roads are used as boundaries for the Designated Area, the Designated Area shall include only the area which is within a boundary line which is deemed to run continuously inside the interior side of any such streets or roads and shall not include any area which falls on the exterior of such deemed boundary line. INSERT MAP IF APPLICABLE

**EXHIBIT B**
**TO**
**FRANCHISE AGREEMENT**

**INTERNET WEBSITES AND LISTINGS AGREEMENT**

THIS INTERNET WEBSITES AND LISTINGS AGREEMENT (the **"Internet Listing Agreement"**) is made and entered into as of _____ (the **"Effective Date"**), by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company (**"Franchisor"**), and [ENTITY], [a/an STATE TYPE OF ENTITY] (**"Franchisee"**).

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Primrose School Franchising SPE, LLC Franchise Agreement (the **"Franchise Agreement"**); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, transfer under Section 19.2(b) (By Franchisee) or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1. Interest in Internet Websites and Listings. Franchisee may acquire (whether in accordance with or in violation of Section 10.6 (Digital Marketing) of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, social media user names, and access to corresponding Internet websites, and the right to hyperlink to certain websites and listings on various Internet search engines (collectively, the **"Internet Websites and Listings"**) related to the Facility or the Marks (all of which right, title, and interest is referred to herein as **"Franchisee's Interest"**).

2.2. Transfer. On termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, social media site operators, and other listing agencies (collectively, the **"Internet Companies"**) with which Franchisee has Internet Websites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Websites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Websites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Websites and Listings or will take such other actions with respect to the Internet Websites and Listings as Franchisor directs.

2.3. Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Websites and Listings to Franchisor;

(ii) Direct the Internet Companies to terminate any or all of the Internet Websites and Listings; and

(iii) Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4. Certification of Termination. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5. Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Websites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Websites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1. Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2. Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee, will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its

affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement. Further, Franchisee is solely responsible for all claims arising out of Franchisee generated content or user generated content posted on the Internet Websites and Listings before the date Franchisor duly accepted the transfer of Franchisee's Interest. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, demands, or obligations that are related to or are based on claims arising out of Franchisee generated content or user generated content posted on the Internet Websites and Listings before the date Franchisor duly accepted the transfer of Franchisee's Interest.

3.3. No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Websites and Listings.

3.4. Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5. Successors, Assigns, and Affiliates. All of Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6. Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7. Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8. Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

[Signatures Appear on Following Page]

**IN WITNESS WHEREOF**, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT C**
**TO**
**FRANCHISE AGREEMENT**

**State Required Addenda**

**USE STATE ADDENDA ON NEXT PAGE(S) & DELETE OTHERS**
**OR**
**NOT APPLICABLE**

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1. All provisions in Section 3.3(b) of the Franchise Agreement and in Section 3.3(b) of any Addenda to the Franchise Agreement that state the following or substantially similar language: "Franchisor makes no representations, warranties, or guarantees to Franchisee [relating to the site or as to the potential success or profitability of a Primrose® franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind" or "Franchisor makes no representations, warranties or guarantees to Franchisee relating to the site" are deleted and replaced with the following:

   Franchisor's acceptance of a proposed site shall not by itself constitute an explicit or implicit warranty, representation, or guarantee of any kind as to the potential success or profitability of a Primrose franchise, unless such acceptance is accompanied by explicit representations, warranties, or guarantees.

2. Section 10.6 (Digital Marketing) of the Franchise Agreement is amended by adding the following sentence:

   In all Digital Marketing, Franchisee must comply with all Privacy Requirements and requirements related to security breaches, as specified in Section 13.8(d) (Compliance with Privacy Requirements).

3. Section 13.8(d) (Compliance with Privacy Requirements) of the Franchise Agreement is amended by adding the following sentence:

   "For the avoidance of doubt, Franchisee must abide by the California Consumer Privacy Act, Cal. Civ. Code § 1798.100, et seq., which is one of the applicable Privacy Requirements."

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

(remainder of page intentionally left blank)

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## HAWAII ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1. Section 33.3 (Acknowledgements in Certain States) of the Franchise Agreement is hereby deleted.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1. Illinois law governs the Franchise Agreement.

2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

3. Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

4. 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.

5. The Franchisor has no obligation to resolve any conflicts that arise between Primrose® franchisees or between franchisees of Franchisor's affiliated companies.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## INDIANA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1 Section 2.2(g) (Successor Terms) and Section 19.2(c)(i)(h) (Control Transfer to a New Party) each contains a prospective general release of claims against Franchisor. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 §1(5).

2. Pursuant to Section 32 (Indemnification), Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures were utilized by Franchisee in the manner required by Franchisor.

3. Section 30.1 (Arbitration) is amended to provide that arbitration between Franchisor and Franchisee shall be conducted at a mutually agreed upon location.

4. Section 29.1 (Place of Execution and Governing Law) is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

[Signature Page Follows]

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1. Section 2.2(g) (Successor Terms) of the Agreement will be deleted in its entirety and will have no force or effect, and the following will be substituted in lieu thereof:

   "(g) Franchisee will execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and any of its subsidiaries and affiliates, and Franchisor's and any of its subsidiaries' and affiliates' respective officers, directors, shareholders, agents, and employees, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14-233);"

2. Section 19.2(c)(i)(h) (Control Transfer to a New Party) of the Agreement will be deleted in its entirety and will have no force or effect, and the following will be substituted in lieu thereof:

   "(g) Franchisee and Owner, prior to the transfer, shall execute a termination agreement (in a form prescribed by Franchisor) as well as a general release (in a form prescribed by Franchisor) of any and all claims against Franchisor and Franchisor's subsidiaries and affiliates, and Franchisor's and any of its subsidiaries' and affiliates' respective officers, directors, shareholders, agents, and employees, in their corporate and individual capacities, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14-233);"

3. Section 29.1 (Place of Execution and Governing Law) of the Agreement is amended by the addition of the following to the end of the paragraph therein:

   "Any provision which provides for termination upon bankruptcy of the franchise may not be enforceable under federal bankruptcy law (11. U.S.C. Section 101 et. seq.)."

4. Section 29.2 (Court Actions) of the Agreement, which designated jurisdiction or venue in a forum outside the state of Maryland, is void with respect to any cause of action which is otherwise enforceable in Maryland.

5. Section 29.2 (Court Actions) of the Agreement will be supplemented by the addition of the following to the end of the paragraph therein:

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

6. Section 33 (Representations, Warranties and Acknowledgements) of the Agreement will be supplemented by the following Section 33.6.:

"33.6. No Release. The abovementioned acknowledgments will not be construed as a waiver or release by Franchisee of any claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14233)."

7. The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

8. Franchisor has filed an irrevocable consent to service of process in Maryland and a Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

9. Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of $750,000 from Atlantic Specialty Insurance Company. A copy of the bond is on file at the Maryland Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached to Exhibit B of our Franchise Disclosure Document.

Although Franchisor furnishes the information contained in this Maryland Addendum to Franchise Agreement to every prospective Franchisee who is potentially protected under the Maryland Franchise Registration and Disclosure Law, Franchisor does not submit itself to the jurisdiction under the Maryland Franchise Registration and Disclosure Law merely by furnishing this Addendum. Each provision of this Addendum is effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum, and to the extent such provision is a then valid requirement of the statute.

To the extent this Addendum is inconsistent with any terms or conditions of the Franchise Agreement or the attached Exhibits, the terms of this Addendum shall govern.

[Signature Page Follows]

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to on _____, between Primrose School Franchising SPE, LLC and [ENTITY] to amend and revise said Franchise Agreement as follows:

1. Section 2.2(g) (Successor Terms) of the Franchise Agreement is hereby modified by the addition of the following sentence to the end of the paragraph therein:

   "The general release shall exclude only such claims as Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

2. Sections 2.3 (Required Notice) and 17 (Default and Termination) of the Franchise Agreement are amended to provide that Franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) 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 and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Section 6.4 (Infringement) of the Franchise Agreement is hereby modified by the addition of the following to the last sentence thereof:

   "Minnesota Law (Minn. Stat. § 80C.12, Subd. 1(g)) requires Franchisor to protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Section 19.2(c)(i)(h) (Control Transfer to a New Party) of the Franchise Agreement is hereby modified by the addition of the following to the end of the paragraph therein:

   "The general release shall exclude only such claims as Franchisee or its owner(s) may have under the Minnesota Franchises Law, Minn. Stat. 80C.1-80C.22, and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce."

5. Section 29 (Applicable Law) of the Franchise Agreement which designates jurisdiction or venue in a forum outside the state of Minnesota is deleted. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (i) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (ii) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

6. The Franchise Agreement is hereby modified by the addition of the following statement:

"According to Minnesota law, Franchisee cannot waive any rights under the Minnesota Franchises Law. As provided in Minn. Rules 2860.4400J, Franchisee cannot consent to Primrose Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. In addition, any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**NORTH DAKOTA ADDENDUM**
**TO THE**
**FRANCHISE AGREEMENT AND REAL ESTATE DEVELOPMENT AGREEMENT**

This Addendum to the Franchise Agreement and Real Estate Development Agreement for franchises offered and sold in the State of North Dakota or to North Dakota residents is agreed to on _____, between Primrose School Franchising SPE, LLC ("**we**" or "**us**"), [ENTITY] ("**Franchisee**"), and, if applicable, [REAL ESTATE AFFILIATE] ("**Real Estate Affiliate**"). Franchisee and Real Estate Affiliate are collectively referred to as "**you**."

We and Franchisee are parties to a Franchise Agreement dated _____ (the "**Franchise Agreement**"). If applicable, we and Real Estate Affiliate are parties to a Real Estate Development Agreement dated _____(the "**REDA**").

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17 (the "**ND Law**"), and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement and REDA is amended to include the following:

1. **Grant of Successor Term**. You are not required to sign a general release upon renewal of the Franchise Agreement.

2. **Post-Term Competitive Restrictions**. Covenants not to compete are generally unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **Jurisdiction**. Any actions permitted to be brought under the Franchise Agreement or REDA in any court may be brought only in the courts of North Dakota, unless the parties mutually agree to another forum.

4. **Situs of Arbitration Proceedings**. Any disputes or claims that must be arbitrated under the Franchise Agreement or REDA shall be arbitrated or mediated at a location that is mutually agreeable to all parties and that is not remote from your place of business.

5. **Waiver of Punitive Damages and Jury Trial**. To the extent required by the ND Law, you are not required to consent to a waiver of exemplary and punitive damages or consent to a waiver of trial by jury.

6. **Limitation of Claims**. The statute of limitations under the ND Law will apply to all claims or actions arising under ND Law.

7. **Governing Law**. The Franchise Agreement and REDA will be governed by North Dakota law.

8. **Liquidated Damages and Termination Penalties**. You are not required to consent to liquidated damages and termination penalties.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or REDA, the terms of this Addendum shall govern.

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**REAL ESTATE AFFILIATE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE DEVELOPMENT AGREEMENT, AND ALL RELATED AGREEMENTS**

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the Franchise Agreement, the Development Agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** 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.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $123,394.17 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 $308,485.43 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** 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.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. **Entire Agreement**. The third sentence of Section 27 (Entire Agreement) of the Franchise Agreement is hereby deleted.

20. **Willful Misconduct or Gross Negligence**. Section 32.4 (Willful Misconduct or Gross Negligence) of the Franchise Agreement is hereby amended by deleting the phrase "gross negligence, willful misconduct, or willful wrongful omissions" and replacing it with "negligence, gross negligence, willful misconduct, willful wrongful omissions, strict liability, or fraud."

**IN WITNESS WHEREOF**, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective the same day as first written above.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT D**
**TO**
**FRANCHISE AGREEMENT**

**AMENDMENT TO FRANCHISE AGREEMENT**
**(Build To Suit Program)**

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into on _____, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and [ENTITY] (**"Franchisee"**).

**RECITALS:**

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____,(the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____.

B. In connection with Franchisee's development of its Facility, Franchisee has decided to use a third party developer approved by Franchisor to develop the premises currently owned by the developer or soon to be purchased by the developer and to lease the premises to Franchisee, all consistent with Franchisor's Build to Suit Program and in order to facilitate Franchisee's participation in the Build to Suit Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

**NOW, THEREFORE,** for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect.** Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

**(a) Entire Agreement.** This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

**(b) Execution in Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**(c) Successors and Assigns**. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**(d) Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

**(e) Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

**IN WITNESS WHEREOF,** the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT A**
**TO**
**AMENDMENT TO FRANCHISE AGREEMENT**
**(Build To Suit Program)**

**New Section 3 to the Franchise Agreement**

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements shall be owned by a third party unaffiliated with Franchisee ("**Developer**").

3.2 Approval of Developer. Since Franchisee intends to lease the Facility directly from the Developer (whether or not the Developer is also the general contractor for the construction of the Facility), such Developer must be approved by Franchisor in advance in writing. Additionally, the site for the Facility shall be selected, accepted, and developed in accordance with the provisions of this Section 3 (The Facility).

3.3 Development Obligations of Franchisee. Franchisor hereby agrees that Franchisee may develop the site without executing the Real Estate Development Agreement. Accordingly, Franchisee will accept, acquire and develop the site in accordance with the provisions of this Section 3 (The Facility) and the development processes and policies that Franchisor specifies, which Franchisor may modify from time to time in its sole discretion. Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

(a) Identification of Site. Unless a site has already been selected and approved by Franchisor prior to executing this Agreement, Franchisee will seek, evaluate, and review potential sites within the Development Area for the location of a System Facility. When Franchisee determines that it would like to propose a site to Franchisor, Franchisee shall prepare a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located, all of which shall be promptly provided by Franchisee to Franchisor in a form acceptable to Franchisor. By submitting the SLA to Franchisor, Franchisee acknowledges and represents that Franchisee (w) is aware that the actual purchase price of the site may be higher or lower than anticipated, (x) is responsible for determining and paying any common area maintenance charges related to the site, (y) is able to fund the initial cash injection necessary to obtain a loan to develop a Facility at the site, and (z) will still be responsible for securing a loan to develop a Facility at the site, if the actual purchase price is higher than anticipated.

(b) Acceptance of Site. Upon Franchisor's review of the SLA prepared by Franchisee, Franchisor may accept or reject the proposed site in writing in its sole discretion. If accepted by Franchisor, Franchisor will insert the address of the site into Exhibit A.3 or otherwise confirm the accepted site in writing. If for any reason a proposed site is not accepted by Franchisor, then Franchisee shall seek a substitute site within the Development Area for

acceptance by Franchisor. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site is to merely determine whether the site meets Franchisor's criteria, (iii) Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind, and (iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site.

(c) Purchase Agreement. Intentionally deleted.

(d) Site Development Services. Except as otherwise provided in this Agreement or other agreements between Franchisor and Franchisee or Developer, Franchisor will have no responsibilities whatsoever with the site, acquisition of the site by Developer, or improvements constructed on the site, which shall all be the responsibilities of Franchisee or Developer. Franchisor may, but shall be under no obligation to, elect to provide advisory services to Developer and Franchisee. Should Franchisor, in its sole discretion, elect to provide any such advisory services, Franchisee acknowledges that (i) any and all costs incurred by Franchisor in providing such advisory services shall be included as Development Expenses for which Franchisee will reimburse Franchisor pursuant to Section 3.9(a) below; (ii) any such services provided by or on behalf of Franchisor are only advisory in nature and Franchisee and Developer shall remain entirely responsible for evaluating and ensuring such services are appropriate and compatible for the intended use; (iii) Franchisor shall be under no duty or other obligation to evaluate, review, or confirm the completeness or accuracy of any information provided to Franchisor by Developer, Franchisee, or other third parties, and Franchisor shall be entitled to rely on any such information as presented; and (iv) in providing any such advisory services, Franchisor shall have no responsibilities whatsoever with respect to the site, acquisition of the site by Developer, or improvements constructed on the site, which shall all reman the responsibilities of Franchisee or Developer.

(e) National Architects and Development Consultants. Franchisee may elect to engage architects of its choice, at its expense, provided that Franchisee first obtains Franchisor's written acceptance of such architects. Franchisor's acceptance of Franchisee's architects will not in any way be Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance. Franchisee acknowledges that Franchisor has the right to designate one or more architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**") and any structural engineers, civil engineers, and other development consultants to monitor and advise Franchisor with respect to Franchisee's or Developer's design, planning and construction of the Facility. The National Architects shall have the right, in their sole discretion, among other things, to: (i) approve or disapprove the final design of the Facility created by Franchisee's architects for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (ii) approve or disapprove all proposed change orders requested by Franchisee's architects; and (iii) provide other architectural consulting services to Franchisee or its architects as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisor may require Franchisee to pay the National Architects, or pay Franchisor for Franchisor to pay the National Architects, (i) a fee of $8,000 for the release of prototype plans to Franchisee and (ii) a fee of $2,500 to review Franchisee's proposed plans, including subsequent change orders. Franchisee and its architects must comply with any requests by the National Architects. Franchisee shall cause its architects, engineers, construction

manager, other development consultants and contractors to cooperate with such reviews and approvals and to provide Franchisor and the National Architects with such information as may be reasonably requested from time to time in furtherance thereof. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. In addition, Franchisee shall be responsible for paying any fees or expenses incurred by the architects that Franchisee selects.

(f) Construction Manager. If the Developer is not managing the construction of the Facility, prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (i) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (ii) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (iii) provide consulting services to Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager (which may be Franchisor, its affiliate, or a third party) for the Facility or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance or designation of Franchisee's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance (unless otherwise specified in a separate construction management services agreement between Franchisor or its affiliate, as the designated construction manager, and Franchisee).

(ii) If required by Franchisor, Franchisee must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted or designated construction manager to design and plan the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b) assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Franchisee shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Franchisee's assumption of the contract. In each case, Franchisee shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor. If Franchisor designates itself or its affiliate as the construction manager, Franchisee will be required to pay Franchisor's or its affiliate's then-current fee for such construction management services.

(g) General Contractor. If the Developer is not the general contractor for the construction of the Facility, Franchisee must engage, at its expense, a licensed and insured general contractor that meets Franchisor's minimum standards, as specified from time to time, to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance. Franchisee shall direct and authorize its general contractor to provide to Franchisor any information requested by Franchisor related to the design and construction of the Facility.

(h) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Franchisee to be unfeasible for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose

of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. Prior to entering into the lease with Developer for the real property and improvements, Franchisee and Developer shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's discussions with Developer and lender.

(b) Lease or Sublease for Facility. For the lease or sublease for the Facility, (i) Franchisee must provide Franchisor with weekly updates regarding the status of its lease negotiations; (ii) Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility; (iii) Franchisee must provide Franchisor with the contact information for such attorney and direct, and execute any documents necessary to authorize, such attorney to communicate directly with Franchisor regarding the status of lease negotiation; and (iv) the form of any lease for such real property and improvements, or any renewal thereof, must be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee or an affiliate an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee or such affiliate does not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that no such Franchisee exercises such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations, which will not exceed $500 per hour. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in Section 3.4(a) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated

third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisee's lender may impose additional requirements on Franchisee as a condition of closing, such as requiring construction insurance. Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (A) the business or economic terms of the transaction, (B) the reasonableness of any terms or conditions imposed by the lender, (C) the potential profitability of a Facility at that site, or (D) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement);

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisee fails to obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor;

(v) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(vi) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, real estate commissions, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not

unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor or its affiliates, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) ensure that the Developer obtains all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) ensure that it or the Developer completes the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) ensure that the Developer obtains all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise ensure that the Developer completes development of and has the Facility ready to operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Buildout Plans. All plans and specifications for the buildout of the Facility and modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review the buildout plans and specifications (and any such modifications) submitted to it by Franchisee. All copies of buildout plans and specifications are the sole and absolute property of Franchisor, even if prepared by Franchisee or the Developer, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no

responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If Developer should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Developer enter into an agreement whereby the Developer will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by an approved Developer, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel and living expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor approves a substitute site pursuant to Section 3.3(h) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor the Development Expenses (a) on a date that is within five days before the date Franchisee commences construction of the Facility and, additionally, (b) within ten days after the date Franchisee is invoiced for such amount by Franchisor (such expenses may be invoiced at any time before or after construction commences for expenses incurred before or after construction commences). Franchisor also may require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisee must purchase and install signage for the Facility that meets Franchisor's specifications. Franchisor may require Franchisee to purchase all signage from approved vendors or a single source that Franchisor designates from time to time.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs, or Trade Dress does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand 110% of Franchisor's and/or its affiliates' actual costs and expenses related to remedying such deficiencies.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly pay Franchisor its then-current per diem fee (which may not exceed $1,500 per representative per day) and Franchisor's and its affiliates' actual costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action (as well as any fees charged directly by such third parties to Franchisor) (collectively, the **"Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

3.16 Additional Reporting Requirements. During the site identification and site acquisition process until the Site is acquired, if required by Franchisor, Franchisee shall provide Franchisor with monthly written updates on the status of its site identification and acquisition efforts in a form prescribed by Franchisor.

**EXHIBIT E**
**TO**
**FRANCHISE AGREEMENT**

**AMENDMENT TO FRANCHISE AGREEMENT**
**(Permanent Lease Program)**

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into on _____, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and [ENTITY] (**"Franchisee"**).

**RECITALS:**

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, (the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____.

B. In connection with Franchisee's development of its Facility, Franchisee has decided to develop premises leased from an independent third party under Franchisor's Permanent Lease Program and in order to facilitate Franchisee's participation in the Permanent Lease Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

**NOW, THEREFORE,** for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect**. Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

**(a) Entire Agreement.** This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

**(b) Execution in Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**(c)** **Successors and Assigns**. Except as otherwise herein provided, this Amendment is **binding** upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**(d)** **Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

**(e)** **Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

**IN WITNESS WHEREOF,** the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT A**
**TO**
**AMENDMENT TO FRANCHISE AGREEMENT**
**(Permanent Lease Program)**

**New Section 3 to the Franchise Agreement**

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements shall be owned by a third party not affiliated with Franchisee (the **"Property Owner"**). If, at any time, Developer offers Franchisee, its affiliates, or its Owners the opportunity to purchase the real property and improvements included in the Facility, Franchisee or such related parties must (i) form an affiliate to acquire the assets, (ii) obtain Franchisor's written consent prior to completing the transaction, and (iii) execute any agreements required by Franchisor as a condition of Franchisor's consent, such as a memorandum of acquisition rights and a collateral assignment of lease.

3.2 Approval of Property Owner. Since Franchisee intends to lease the Facility from the Property Owner, such Property Owner must be approved by Franchisor in advance in writing. Additionally, the site for the Facility shall be selected, accepted, and developed in accordance with the provisions of this Section 3 (The Facility).

3.3 Development Obligations of Franchisee. Franchisee will accept, acquire, and develop the site in accordance with this Section 3 (The Facility) and the development processes and policies that Franchisor specifies, which Franchisor may modify from time to time in its sole discretion. Franchisee shall pay to Franchisor the sum of $70,000 (the "**Real Estate Fee**"), which shall be in addition to and independent of any and all other financial obligations of Franchisee under this Agreement (including Expenses). Franchisee shall pay to Franchisor $25,000 of the Real Estate Fee on the Effective Date and the remaining $45,000 upon the soft cost closing. However, if Franchisee (i) executes a construction contract for construction of the Facility within eight weeks after Franchisor or its architect provides notice to Franchisee that it or they have begun soliciting construction bids, (ii) selects a lender within 45 days after Franchisor provides written notice requesting that Franchisee begin the process of securing such financing, and (iii) closes on any acquisition, construction and permanent equity and debt financing for development of the Facility on terms reasonably satisfactory to Franchisor within 30 days after execution of the construction contract, the balance of the Real Estate Fees will be reduced to $30,000 upon the soft cost closing.

(a) Identification of Site. Franchisor will seek, evaluate, and review potential sites within the Development Area for the location of a System Facility. Upon identification of a possible site, Franchisor will provide to Franchisee a preliminary analysis outlining basic information about the proposed site. Franchisee shall notify Franchisor within 10 days of its receipt of a site support letter from Primrose whether it would like Franchisor to move forward with a more in-depth review of the site. Such evaluation and review by Franchisor will include, as appropriate, the preparation of a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located.

(b) Acceptance of Site. Upon Franchisor determining that the site is acceptable to Franchisor after preparation of SLA, the site will then be submitted to Franchisee for its acceptance or rejection in writing within 10 days of its receipt of the SLA. If Franchisee does not accept the proposed site in writing within 10 days of its receipt of the SLA, Franchisee will be deemed to have rejected the proposed site. If accepted by Franchisee, Franchisor will insert the address of the site into Exhibit A.3 or otherwise confirm the accepted site in writing. If for any reason a proposed site is not accepted by Franchisee, then Franchisor will have the right, but not the obligation, to seek a substitute site within the Development Area for acceptance by Franchisee. It is specifically acknowledged by Franchisee that it shall not be the responsibility of Franchisor to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, but the obligation of Franchisor is to merely determine whether the site meets Franchisor's criteria for Primrose schools. **Franchisee acknowledges and agrees that Franchisor's acceptance of a proposed site shall not constitute a warranty or representation of any kind as to the potential success or profitability of a Primrose franchise.** Franchisor makes no representations, warranties or guarantees to Franchisee relating to the site.

(c) Purchase Agreement. Intentionally deleted.

(d) Site Development Services. Except as otherwise provided in this Agreement or other agreements between Franchisor and Franchisee, Franchisor will have no responsibilities whatsoever with the site, acquisition of the site by the Property Owner, or improvements constructed on the site, which shall all be the responsibilities of Franchisee or Property Owner.

(e) Franchisee's Architects. If Franchisee employs any architects to assist in the design of the Facility, Franchisor shall have the right to accept or reject such architects. Franchisor's acceptance of Franchisee's architects will not in any way be Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance.

(f) National Architects and Development Consultants. Franchisor has the right to designate one or more architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**") and any structural engineers, civil engineers, and other development consultants to monitor and advise Franchisor with respect to Franchisee's design, planning and construction of the Facility. Franchisor may require Franchisee to (i) enter into an agreement acceptable to Franchisor with the National Architects to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume Franchisor's contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the accepted site. The National Architects shall have the right, in its sole discretion, among other things, to: (a) approve or disapprove the final design of the Facility for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (b) approve or disapprove all proposed change orders requested by Franchisee; and (c) provide other architectural consulting services to Franchisor as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. Franchisee shall cause its architects, engineers, construction manager, other development consultants and contractors to (x) cooperate with such reviews and approvals, (y) provide Franchisor and the National Architects with such information as may be reasonably requested from time to time in furtherance thereof, and (z) comply with Franchisor's then-current requirements and specifications.

(g) Construction Manager. Prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (x) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (y) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (z) provide consulting services to Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager for the Facility (which may be Franchisor, its affiliate, or a third party) or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance or designation of Franchisee's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance (unless otherwise specified in a separate construction management services agreement between Franchisor or its affiliate, as the designated construction manager, and Franchisee).

(ii) Franchisee must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted or designated construction manager to design and plan the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b) assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Franchisee shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Franchisee's assumption of the contract. In each case, Franchisee shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor or its affiliates. If Franchisor designates itself or its affiliate as the construction manager, Franchisee will be required to pay Franchisor's or its affiliate's then-current fee for such construction management services.

(h) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor that meets Franchisor's minimum standards, as specified from time to time, to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance. Franchisee shall direct and authorize its general contractor to provide to Franchisor any information requested by Franchisor related to the design and construction of the Facility.

(i) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Franchisee to be unfeasible for the development of a Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility within the Development Area, unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. Prior to entering into the lease with Property Owner for the real property and improvements, Franchisee and Property Owner shall be required to execute

Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's discussions with Property Owner and lender.

(b) Lease or Sublease for Facility. Franchisee must provide Franchisor with weekly updates regarding the status of its lease negotiations. Franchisee must (x) engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility and (y) provide Franchisor with the contact information for such attorney and direct, and execute any documents necessary to authorize, such attorney to communicate directly with Franchisor regarding the status of lease negotiations. The form of any lease for the Facility's real property and improvements, or any renewal thereof, shall be approved in writing by Franchisor or its agent before the execution of such lease or renewal and must include business terms that are materially consistent with the terms agreed to in any letter of intent (if any) that Franchisor executed with the Property Owner. Franchisee must obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) upon Property Owner's approval, a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus, unless Franchisor consents otherwise in writing, options to extend the term of the lease for two additional 10 year periods.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal and guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per

diem rate for lease consultations, which will not exceed $500 per hour. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement, which may be modified as Franchisor deems appropriate to conform to state and local laws and practices.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in Section 3.4(a) (Required Agreements) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third-party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall

give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement);

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisee fails to obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor;

(v) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(vi) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, real estate commissions, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund,

Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor or its affiliates, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor as well as cause to ensure that all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies are obtained; (ii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iii) cause to ensure that the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility are completed in full and in strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (iv) cause to ensure that the all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services are obtained by Franchisee; (v) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vi) otherwise

ensure that the Facility is completed and is ready to operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Buildout Plans. All plans and specifications for the buildout of the Facility and modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review the buildout plans and specifications (and any such modifications) submitted to it by Franchisee. All copies of buildout plans and specifications are the sole and absolute property of Franchisor, even if prepared by Franchisee or the Developer, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If Property Owner should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Property Owner enter into an agreement whereby the Property Owner will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by an approved Property Owner, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel and living expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisee approves any submitted proposal or plan. If Franchisor agrees to locate a substitute site pursuant to Section 3.3(i) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor the Development Expenses (a) at the closing for such site and, additionally, (b) within ten days after the date Franchisee is invoiced for

such amount by Franchisor (such expenses may be invoiced at any time before or after the closing for expenses incurred before or after the closing). Franchisor may also have the right to require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisee must purchase and install signage for the Facility that meets Franchisor's specifications. Franchisor may require Franchisee to purchase all signage from approved vendors or a single source that Franchisor designates from time to time.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "Security Agreement"). Any event of default by Franchisee under this Agreement or Franchisee under any other agreement between Franchisee and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs, or Trade Dress does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of

Franchisee, and Franchisee shall pay promptly on demand 110% of Franchisor's and/or its affiliates' actual costs and expenses related to remedying such deficiencies.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party.

**EXHIBIT F**
**TO**
**FRANCHISE AGREEMENT**

**AMENDMENT TO FRANCHISE AGREEMENT**
**(Independent Development Program)**

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into on _____, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and [ENTITY] (**"Franchisee"**).

**RECITALS:**

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, (the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____.

B. In connection with Franchisee's development of its Facility, Franchisee has decided to develop premises under Franchisor's Independent Development Program and in order to facilitate Franchisee's participation in the Independent Development Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the acquisition of the real estate on which the Facility will be built, the construction of the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

**NOW, THEREFORE,** for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect**. Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

**(a) Entire Agreement.** This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

**(b) Execution in Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**(c)** **Successors and Assigns**. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**(d)** **Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

**(e)** **Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

**IN WITNESS WHEREOF,** the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT A**
**TO**
**AMENDMENT TO FRANCHISE AGREEMENT**
**(Independent Development Program)**

**New Section 3 to the Franchise Agreement**

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements may be owned by Real Estate Affiliate, Franchisor, an affiliate of Franchisor, or a third party not affiliated with Franchisee (**"Developer"**).

3.2 Development by Real Estate Affiliate or Developer. Intentionally deleted.

3.3 Development Obligations of Franchisee. Franchisor hereby agrees that Franchisee may develop the site without executing the Real Estate Development Agreement. Accordingly, Franchisee will accept, acquire and develop the site in accordance with the provisions of this Section 3 (The Facility) and the development processes and policies that Franchisor specifies, which Franchisor may modify from time to time in its sole discretion. Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

(a) Identification of Site. Unless Franchisee has already selected a site prior to executing this Agreement that is acceptable to Franchisor, Franchisee will seek, evaluate, and review potential sites within the Development Area for the location of a System Facility. When Franchisee determines that it would like to propose a site to Franchisor, Franchisee shall prepare a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located, all of which shall be promptly provided by Franchisee to Franchisor in a form acceptable to Franchisor. By submitting the SLA to Franchisor, Franchisee acknowledges and represents that Franchisee (w) is aware that the actual purchase price of the site may be higher or lower than anticipated, (x) is responsible for determining and paying any common area maintenance charges related to the site, (y) is able to fund the initial cash injection necessary to obtain a loan to develop a Facility at the site, and (z) will still be responsible for securing a loan to develop a Facility at the site, if the actual purchase price is higher than anticipated.

(b) Acceptance of Site. Upon Franchisor's review of the SLA prepared by Franchisee, Franchisor may accept or reject the proposed site in writing in its sole discretion. If accepted by Franchisor, Franchisor will insert the address of the site into Exhibit A.3 or otherwise confirm the accepted site in writing. If for any reason a proposed site is not accepted by Franchisor, then Franchisee shall seek a substitute site within the Development Area for acceptance by Franchisor. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site is to merely determine whether the site meets Franchisor's criteria, (iii) Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or

profitability of a Primrose franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind, and (iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site.

(c) Purchase Agreement. Franchisee may not purchase any other site for the Facility other than the site that Franchisor has approved.

(d) Site Development Services. Upon execution of a purchase agreement associated with a site, Franchisee, at its expense, will perform the following acts in regard to such site.

(i) Cause to be obtained a Phase I Environmental Report (**"Environmental Report"**) and obtain such review thereof as necessary;

(ii) Cause to be obtained a soils report in regard to the site, and have the same reviewed by a National Architect (as defined in this Agreement);

(iii) Cause to be obtained a title commitment (**"Title Commitment"**) from a title insurance company licensed to do business in the state where such site is located;

(iv) Provide Franchisor's current form of Subordination Agreement (the "**Subordination Agreement**") (which may be modified as Franchisor deems appropriate to conform to state and local laws and practices) to Franchisee's lender at the commencement of Franchisee's discussions with such lender and which the lender must execute pursuant to Section 3.5;

(v) Provide Franchisee's lender with requested information in order to facilitate the lender in obtaining an appraisal of the Facility on the site;

(vi) Provide such assistance as an architect or civil engineer (both of whom must be approved by Franchisor) may reasonably request, in order for the architect or civil engineer to obtain a letter or authorization from the local government authority which issues building permits in which such site is located, stating that a building permit is available to be issued, subject to such conditions as may be set forth in such letter (**"Building Permit Authorization"**). Franchisee acknowledges that it is its responsibility (with the assistance of the architect or engineer) to obtain such Building Permit Authorization, and that there is no guarantee that such Building Permit Authorization can be obtained;

(vii) Coordinate all necessary closing documents with its lender in regard to the closing of the purchase agreement between the seller of the site (the **"Seller"**) and itself for the purchase of such site (the **"Closing"**). Franchisor shall have no responsibility for the Closing or liability for the failure of the Closing to occur for any reason; and

(viii) Take such action as is necessary to obtain a certificate of occupancy and the final acceptance by Franchisor. Except as provided in this Section 3, Franchisor will have no responsibilities whatsoever with the site, acquisition of the site by Franchisee or improvements constructed on the site.

(e) National Architects. Franchisee may elect to engage architects of its choice, at its expense, provided that Franchisee first obtains Franchisor's written acceptance of such architects. Franchisor's acceptance of Franchisee's architects will not in any way be

Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance. Franchisee acknowledges that Franchisor has the right to designate one or more architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**"). The National Architects shall have the right, in its sole discretion, among other things, to: (i) approve or disapprove the final design of the Facility created by Franchisee's architects for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (ii) approve or disapprove all proposed change orders requested by Franchisee's architects; and (iii) provide other architectural consulting services to Franchisee or its architects as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisor may require Franchisee to pay the National Architects, or pay Franchisor for Franchisor to pay the National Architects, (i) a fee of $8,000 for the release of prototype plans to Franchisee and (ii) a fee of $2,500 to review Franchisee's proposed plans, including subsequent change orders. Franchisee and its architects must comply with any requests by the National Architects. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. In addition, Franchisee shall be responsible for paying any fees or expenses incurred by the architects that Franchisee selects.

(f) Construction Manager. Prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (i) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (ii) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (iii) provide consulting services to Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(g) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor that meets Franchisor's minimum standards, as specified from time to time, to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance. Franchisee shall direct and authorize its general contractor to provide to Franchisor any information requested by Franchisor related to the design and construction of the Facility.

(h) Closing Conditions. Upon Franchisee obtaining copies of the Environmental Report, Title Commitment, Site Plan, and the Building Permit Authorization, Franchisee will deliver copies of the same to Franchisor (**"Document Delivery Date"**). The Closing must take place within ten days of the Document Delivery Date or such later date as Franchisee may designate which is approved by Franchisor. However, Franchisee must satisfy the following conditions at or prior to the Closing:

(i) Franchisee must have provided Franchisor with a loan commitment letter in a form and substance reasonably satisfactory to Franchisor;

(ii) Franchisee must have obtained construction and permanent financing for development of the Facility on terms reasonably satisfactory to Franchisor (**"Construction/Permanent Financing"**);

(iii) Franchisee must have entered into a construction contract (**"Construction Contract"**) for construction of the Facility;

(iv) Franchisee must have paid the balance of the Initial Training Fee and any Additional Expenses owed to Franchisor; and

(v) The Closing must take place under the purchase agreement and any agreements related to the Construction/Permanent Financing. Immediately thereafter, Franchisee agrees to take all appropriate actions to initiate immediate construction of the Facility pursuant to Section 3.8.

(i) Substitution of the Site. If at any time any site that has been located by Franchisee and approved by Franchisor is determined to be unfeasible by Franchisor or Franchisee for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. If Franchisee leases such real property and improvements from a lessor other than Franchisor then, prior to entering into such lease, Franchisee and such lessor shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current forms of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's or Real Estate Affiliate's discussions with such potential lessor and lender.

(b) Lease or Sublease from Parties Other than Franchisor. Except where Franchisee leases the real property and improvements included in the Facility from Franchisor, (i) Franchisee must provide Franchisor with weekly updates regarding the status of its lease negotiations; (ii) Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility; (iii) Franchisee must provide Franchisor with the contact information for such attorney and direct, and execute any documents necessary to authorize, such attorney to communicate directly with Franchisor regarding the status of lease negotiation; and (iv) the form of any lease for such real property and improvements, or any renewal thereof, must be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation)

to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee or its affiliates an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee or its affiliates do not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee or its affiliates: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that no such Franchisee or its affiliates exercise such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations, which will not exceed $500 per hour. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisee's lender may impose additional requirements on Franchisee as a condition of closing, such as requiring construction insurance. Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (A) the business or economic terms of the transaction, (B) the reasonableness of any terms or conditions imposed by the lender, (C) the potential profitability of a Facility at that site, or (D) matters of title with respect to the site. the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this

Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement)

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisee fails to obtain Franchisor's prior written approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor;

(v) Franchisee fails to commence construction at the site by the earlier of (a) 24 months after the Effective Date or (b) 12 months after the date that the site is accepted by Franchisor;

(vi) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(vii) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, real estate commissions, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor or its affiliates, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) ensure that Franchisee obtains all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) ensure that it completes the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) ensure that it obtains all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise ensure that it completes development of and has the Facility ready to open and operate its business in accordance with Section 13 (Standards of Quality and Performance). Franchisee must commence construction at the site by the earlier of (a) 24 months after the Effective Date or (b) 12 months after the date that the site is accepted by Franchisor.

(b) Architectural Plans. All architectural plans and specifications and all modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review all architectural plans and modifications submitted to it by Franchisee. All copies of architectural plans and specifications of the Facility are the sole and absolute property of Franchisor, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If the contractor who is chosen to build the Facility owns the site on which the Facility will be located, prior to approving any architectural plans and specifications submitted by Franchisee, Franchisor may require that the contractor enter into an agreement whereby the contractor shall offer Franchisor an option to purchase the site and Facility on the same terms and conditions as it would be purchased by Franchisee or its affiliate, in the event that the sale of the site and Facility to Franchisee or its affiliate should not be consummated for whatever reason.

3.9 Site Development Expenses.

(a) Development Expenses. Franchisee will bear all costs related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel and living expenses, or any and all other fees in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor approves a substitute site pursuant to Section 3.3(i) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

(b) Reimbursement of Franchisor. Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Franchisor Expenses**"), which may include, but not be limited to, expenses and fees incurred for reviewing plans and environmental studies, inspecting sites, reviewing leases, advising

Franchisee and its agents, legal fees, travel and living expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered related to the site. Franchisee must pay Franchisor the Franchisor Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor.

3.10 Signage Specifications. Franchisee must purchase and install signage for the Facility that meets Franchisor's specifications. Franchisor may require Franchisee to purchase all signage from approved vendors or a single source that Franchisor designates from time to time.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee under any other agreement between Franchisee and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs, or Trade Dress does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand 110% of Franchisor's and/or its affiliates' actual costs and expenses related to remedying such deficiencies.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations

to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly pay Franchisor its then-current per diem fee (which may not exceed $1,500 per representative per day) and Franchisor's and its affiliates' actual costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action (as well as any fees charged directly by such third parties to Franchisor) (collectively, the "**Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

3.16 Additional Reporting Requirements. During the site identification and site acquisition process until the Site is acquired, Franchisee shall provide Franchisor with monthly written updates on the status of its site identification and acquisition efforts in a form prescribed by Franchisor.

**EXHIBIT G**
**TO**
**FRANCHISE AGREEMENT**

**AMENDMENT TO FRANCHISE AGREEMENT**
**(Site First Program)**

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into on _____, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and [ENTITY] (**"Franchisee"**).

**RECITALS:**

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, (the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____.

B. In connection with Franchisee's development of its Facility, Franchisee has decided to participate in Franchisor's Site First Program (the "**Program**"). In the Program, Franchisee shall lease the premises for its Facility from a developer designated by Franchisor that has developed the Facility in accordance with Franchisor's specifications. Franchisor shall enter into a lease with the developer for such Facility, which Franchisee will be required to assume.

C. In order to facilitate Franchisee's participation in the Site First Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

**NOW, THEREFORE,** for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 1.2(a) (Development Area) of the Franchise Agreement.** Section 1.2(a) (Development Area) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

> (a) Development Area. If a site for the Facility has not yet been specified in Exhibit A.3 as of the date of this Agreement, the Facility must be located within the temporary development area described in Exhibit A.2 (the "**Development Area**"). Franchisee will not have any exclusive or protected rights in the Development Area, and Franchisor and its affiliates will have the right to establish, or license others to establish, other System Facilities in the Development Area. When a site in the Development Area has been presented by Franchisor to Franchisee and has been accepted by Franchisee in accordance with Section 3.3(b) (Acceptance of Site), Franchisor shall insert the address or

description of the accepted site into Exhibit A.3 or otherwise designate the accepted site in writing.

3. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

4. **Modification to Section 13.2 (Commencement of Operations) of the Franchise Agreement**. The first sentence of Section 13.2 (Commencement of Operations) of the Franchise Agreement is hereby deleted and replaced with the following:

> Franchisee shall commence operation of the Facility by the later of 90 days after (i) the Developer permits Franchisee to take possession of the Facility or (ii) the lease with the Developer is assigned to Franchisee.

5. **Modification to Franchise Agreement.** All references to the Real Estate Development Agreement ("**REDA**") are hereby deleted, as Franchisee and its affiliates will not be required to execute a REDA.

6. **Franchise Agreement Otherwise in Full Force and Effect.** Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

7. **Miscellaneous.**

**(a) Entire Agreement.** This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

**(b) Execution in Counterparts.** This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

**(c) Successors and Assigns**. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

**(d) Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

**(e) Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

**IN WITNESS WHEREOF,** the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**FRANCHISEE:**

**[NAME OF ENTITY]**

By: _____
Name, Title

**EXHIBIT A**
**TO**
**AMENDMENT TO FRANCHISE AGREEMENT**
**(Site First Program)**

**New Section 3 to the Franchise Agreement**

3.1 Site First Program. Franchisee will participate in the Site First development program (the "**Program**"). Under the Program, Franchisor may authorize a third-party developer ("**Developer**") to acquire, design, and build or renovate System Facilities in accordance with Franchisor's specifications and standards and to lease such System Facilities to franchisees that have been approved by Franchisor to participate in the Program. The real property and improvements included in the Facility shall be owned by Developer and leased to an approved franchisee pursuant to a standard form of lease that has been accepted by Franchisor for use with System Facilities developed under the Program (the "**Site Lease**"). By participating in the Program, Franchisee has agreed to develop the Facility in accordance with the Program (including the development processes and policies that Franchisor specifies, which Franchisor may modify from time to time in its sole discretion) and this Agreement and to lease the Facility from Developer in accordance with the Site Lease, which Franchisor will assign to Franchisee. If, at any time, Developer offers Franchisee, its affiliates, or its Owners the opportunity to purchase the real property and improvements included in the Facility, Franchisee or such related parties must (i) form an affiliate to acquire the assets, (ii) obtain Franchisor's written consent prior to completing the transaction, and (iii) execute any agreements required by Franchisor as a condition of Franchisor's consent, such as a memorandum of acquisition rights and a collateral assignment of lease.

3.2 Franchisor's Real Estate Services.

(a) Services. Franchisor will evaluate and accept or reject sites in the Development Area, provide Developer with standards and specifications and prototype designs for System Facilities, review Developer's plans solely to confirm that they are compliant with such standards and specifications, review Developer's proposed construction schedule, and inspect the Facility solely to confirm that it is compliant with such standards and specifications. If Franchisor authorizes Developer to develop a site, Franchisor will enter into a Site Lease for such site with Developer, which Franchisor will subsequently assign to the franchisee that agrees to operate a System Facility at the site. For each site that Franchisor authorizes Developer to develop, Franchisor shall prepare a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, (v) information relative to the community within which the site is located, and (vi) a preliminary estimate of the rent for the site (which is subject to change based on the actual development costs).

(b) Acknowledgements. Franchisee acknowledges and agrees that (i) Franchisor is not affiliated with Developer; (ii) Franchisor has not made, and will not make, any warranties or representations related to Developer (including the quality of Developer's work or Developer's ability to timely complete the construction in accordance with applicable laws and Franchisor's standards and specifications), the design or construction of the Facility (including whether the Facility is compliant with applicable laws, structurally sound, and free of defects), the site (including whether the site will be successful or achieve any level of financial performance),

or the Site Lease (including whether the terms of the lease are reasonable); (iii) Franchisee is solely responsible for conducting its own due diligence regarding Developer, the site, the design and construction of the Facility, and the Site Lease and whether to participate in the Program; (iv) Franchisor is not, and will not be, in any way responsible or liable for any acts or omissions of Developer, any defects or delays related to the development or construction of the Facility or the acquisition of the site, or any claims related to, or arising from, the Site Lease. Franchisee acknowledges that Franchisor has no responsibilities whatsoever in regard for providing any services on behalf of Franchisee in regard to the site selection, design, and construction process, other than solely to determine whether the site and Facility is in compliance with Franchisor's standards and specifications.

3.3 Development Obligations of Franchisee.

(a) Real Estate Fee. Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

(b) Site Acceptance.

(i) Queue. If a site for the Facility has not yet been specified in Exhibit A.3 as of the date of this Agreement, Franchisee will be added to a queue of franchisees that have entered into franchise agreements to develop System Facilities under the Program within the same Development Area. When Franchisor has authorized Developer to acquire and begin developing a site, Franchisor shall present an SLA for such site to the first franchisee in the queue. Such franchisee shall have 14 days after receiving the SLA to accept the proposed site for the Facility in writing. If such franchisee declines the opportunity, or is deemed by Franchisor to have declined the opportunity, (a) Franchisor will present the SLA to the next franchisee in the queue, and the offer process will continue until a franchisee accepts the site, and (b) the declining franchisee will be the first franchisee in the queue for the next site that is presented, unless such franchisee has declined two or more sites and Franchisor exercises its right to terminate such franchisee's franchise agreement in accordance with Section 3.6 (Failure to Locate or Develop a Site).

(ii) Acknowledgements. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site and creating the SLA is to merely determine whether the site meets Franchisor's criteria, (iii) Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose franchise at the site, and Franchisor's presentation of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind, and (iv) Franchisor's presentation of the site does not guarantee that the Facility will be developed on the site.

(iii) Acceptance. When a site is offered to Franchisee by the presentation of an SLA, Franchisee will have 14 days to, in its sole discretion, accept the site in writing. If accepted by Franchisee, (a) Franchisor will insert the address or a description of the site into Exhibit A.3, and (b) Franchisee will have 14 additional days to sign an assignment and assumption agreement in which it will assume the Site Lease

from Franchisor. If Franchisee does not accept or decline the proposed site in writing within 14 days of its receipt of the SLA or if Franchisee does not assume the Site Lease within 14 days after Franchisor provides it with an assignment and assumption agreement to assume the Site Lease, Franchisee will be deemed to have rejected the proposed site. If Franchisee rejects a site, Franchisor shall have the right to offer the site to the other franchisees in the queue for the Development Area (in accordance with the process set forth in Section 3.3(b)(i) (Queue)) and, if there are no franchisees in the queue, to any party without restriction.

(iv) Representations. By accepting a site, Franchisee represents that based on the estimated rent for the site as disclosed in the SLA and the estimated initial investment costs to develop a Facility as disclosed in Franchisor's Franchise Disclosure Document, Franchisee will be able to fund, or obtain a loan to fund, the necessary capital injection to enable Franchisee to develop and operate the Facility, even if the actual rent and actual total investment is higher than anticipated.

(c) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Developer to be unfeasible for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility (i) within the Development Area under the Program (in which case Franchisee will become the first franchisee in the queue for such Development Area) or (ii) within another geographic area (in which case Franchisee may be required to develop the Facility under a different development program and execute other documents and pay additional fees related to such program).

3.4 Lease of Real Property and Improvements.

(a) Site Lease. Once Franchisee has accepted the site, Franchisee shall assume the Site Lease from Franchisor by executing an assignment and assumption agreement in a form prescribed by Franchisor within 14 days after Franchisor provides such an assignment and assumption agreement to Franchisee. Franchisee acknowledges that Developer has conditioned its participation in the Program based on its offer of the terms within the Site Lease to franchisees and does not intend to negotiate the terms of the Site Lease with Franchisee. Franchisee must obtain Franchisor's written approval prior to making any modifications to the standard Site Lease prior to its execution, during its term, or upon any renewal.

(b) Other Required Agreements. In conjunction with entering into the Site Lease, Franchisee and Developer shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. In addition, the Owners (or an entity reasonably acceptable to Developer and Franchisee) must execute a guaranty (in the form attached to the Site Lease) in favor of Developer that guarantees the performance of Franchisee's obligations under the Site Lease.

(c) Rent Guarantee. Franchisee acknowledges that Developer may require (i) Franchisee to provide a security deposit under the lease and/or (ii) Franchisor or its affiliate (currently, Primrose School Franchising Company LLC, but such entity is subject to change upon

written notice) ("**Rent Guarantor**") to provide a limited rent guarantee as a condition of Developer agreeing to the assignment of the Site Lease to Franchisee. If Rent Guarantor agrees to provide a limited rent guarantee, Rent Guarantor shall guarantee Franchisee's rent obligations if Franchisee and its Owners default under their obligations. The rent guarantee may require or Rent Guarantor may require that Developer deduct any monies owed from the security deposit before collecting under the limited rent guarantee. In consideration for Rent Guarantor agreeing to provide this guarantee, Franchisee must sign a rent guarantee agreement in a form prescribed by Rent Guarantor, which will require Franchisee to (i) pay Rent Guarantor at the time of signing such agreement a non-refundable rent guarantee fee equal to 5% of the Estimated Guarantee Amount and (ii) reimburse Rent Guarantor for any funds paid by Rent Guarantor to Developer under such agreement. The "**Estimated Guarantee Amount**" will be the aggregate base rent and additional rent that is projected to be due during the third year of the Site Lease.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any items related to the development of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement. The form of any loan agreement with any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such loan agreement shall be conditioned on the inclusion of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan sent to Franchisee, any affiliate or an unrelated third-party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan should Franchisee, its affiliate, or an unrelated third-party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination by Franchisor. Franchisor may, in its sole discretion, terminate this Agreement prior to the opening of the Facility upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee at least two sites within the Development Area which meets Franchisor's criteria for acceptable sites for System Facilities and Franchisee rejects two or more of such sites;

(ii) Franchisee has rejected at least one site within the Development Area which meets Franchisor's criteria for acceptable sites for System Facilities and it is at least 20 months after the Effective Date;

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisor will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner;

(v) Developer is no longer authorized by Franchisor to develop System Facilities; or

(vi) Franchisee requests to terminate the Agreement prior to opening for any reason (other than as provided in Section 3.6(b) (Termination by Franchisee)).

(b) Termination by Franchisee. Franchisee may, in its sole discretion, terminate this Agreement prior to the opening of the Facility upon written notice to Franchisor if Franchisor has failed to present a single site within the first 20 months after the Effective Date(c)

(c) Termination Procedure. If this Agreement is terminated pursuant to this Section 3.6 (Failure to Select or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to presenting a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs under Section 3.6(a)(vi) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs under Section 3.6(a)(v) (Developer is no longer authorized) or Section 3.6 (b) (Franchisor fails to present a site within the first 20 months after the Effective Date);

(ii) If Franchisor terminates this Agreement pursuant to Section 3.6(a)(iv) (Franchisee is unable to proceed) or Section 3.6(a)(vi) (Franchisee requests termination), Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing real estate services to Developer and Franchisee, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the

Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to offer the site to other franchisees;

(iii) Franchisor may deduct the Liquidated Damages in 3.6(c)(ii) from the refund described in 3.6(c)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor. If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Franchisor may require Franchisee to (i) relocate the Facility to another site owned and developed by Developer and to enter into a new Site Lease with Developer for such site or (ii) develop a new Facility using a different development program and execute an addendum to this Agreement or a REDA for such program. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to the Parties in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor or its affiliates, as well as any other fees or expenses that would be charged to a franchisee or Developer developing a new Facility.

3.8 Development of Facility.

(a) Franchisee Responsibilities. Franchisee must: (i) obtain all required health, sanitation, and childcare permits and licenses and any other required permits and licenses, necessary to operate the Facility; (ii) purchase or lease and install equipment, fixtures, furniture, and signs in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; and (iii) after taking possession of the Facility, otherwise ensure that the Facility is ready to operate in accordance with Section 13 (Standards of Quality and Performance).

(b) Inspections. Franchisor or its designees may inspect the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's standards and specifications. Any deficiencies, other than construction or design deficiencies

which must be remedied by Developer, shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(c) Right of First Refusal. If Developer should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Developer enter into an agreement whereby the Developer will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for engineering, environmental studies, soil samples, architectural fees, legal fees, travel and living expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered related to the site. Such Development Expenses will not include any rent paid by Franchisor under the Site Lease. If Franchisor approves a substitute site pursuant to Section 3.3(c) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor its Development Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor. Franchisor also may require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Developer will obtain permits necessary to construct any monuments or other structures or equipment necessary to house Franchisee's signage (including permits for related electrical service), but Franchisee will be responsible for acquiring and installing the signage in such structures (including any permits related to the specific signage that is installed) and such signage must meet Franchisor's specifications. Franchisor may require Franchisee to purchase all signage from approved vendors or a single source that Franchisor designates from time to time.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property

related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs, or Trade Dress does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand 110% of Franchisor's and/or its affiliates' actual costs and expenses related to remedying such deficiencies.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. Any such remodeling or redecoration must be performed in accordance with Franchisor's then-current standards and requirements, and Franchisee must obtain Franchisor's written approval of any architects, general contractors, construction managers, and plans used in such remodeling or redecoration. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly pay Franchisor its then-current per diem fee (which may not exceed $1,500 per representative per day) and Franchisor's and its affiliates' actual costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action (as well as any fees charged directly by such third parties to Franchisor) (collectively, the **"Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

# Exhibit D
# to
# Franchise Disclosure Document

**LIST OF FRANCHISEES AND OTHER FACILITIES-RELATED INFORMATION**

**(attached)**

**A. The following franchised Facilities were operating as of December 31, 2024:**

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 18 | Meadowbrook | Barry Vines Jr., Stacy Vines | 4855 Meadowbrook Rd | Birmingham | AL | 35242 | (205) 991-3020 |
| 289 | Riverwoods | David Wilson, Kimberly Wilson | 501 Riverwoods Ct | Helena | AL | 35080 | (205) 685-1905 |
| 120 | Madison | Amy Marie Gallagher, Glenn Gallagher | 124 Plaza Blvd | Madison | AL | 35758 | (256) 772-2029 |
| 701 | Madison West | Allison Fenuccio, Amy Marie Gallagher, Anthony Fenuccio, Glenn Gallagher | 117 Field View Lane | Madison | AL | 35756 | (256) 870-1022 |
| 295 | Liberty Park | Daniel Hurley, Gayla Clark, Margaret O'Bryant, Rebecca Hurley, William Clark | 1800 Urban Center Parkway | Vestavia Hills | AL | 35242 | (205) 969-8202 |
| 444 | West Little Rock | Akbar Pabani, Aziz Pabani, Khairunnisa Khan, Malika Pabani | 1601 Kirk Rd | Little Rock | AR | 72223 | (501) 821-2200 |
| 434 | Rogers at Pinnacle Hills | Brandon Campbell, Eduardo Galindo Alvarez, Erin Campbell, Heath Hart, Katherine Hart, Maria (Fernanda) De Larranaga Galindo | 3724 S Pinnacle Hills Pkwy | Rogers | AR | 72758 | (479) 876-8176 |
| 453 | West Chandler | Anita Patel, Bina Patel, Hemaben Patel, Mayurkumar Patel, Pankaj T. Patel, Pramodkumar Patel, Pritybala Valbh, Rita K. Patel | 4800 W Chandler Blvd | Chandler | AZ | 85226 | (480) 912-6064 |
| 302 | South Gilbert | Kathryn McEuen, Kyle McEuen | 3293 E Williams Field Rd | Gilbert | AZ | 85295 | (480) 633-5635 |
| 412 | Gilbert at Santan | Jigar Bhakta, Malini Bhakta, Neeta Bhakta | 4050 S. Val Vista Drive | Gilbert | AZ | 85297 | (480) 255-4375 |
| 631 | West Gilbert | Kathryn McEuen, Kyle McEuen | 1545 N. Parkway Drive | Gilbert | AZ | 85234 | (480) 327-8170 |
| 130 | Palm Valley | Matthew Ailey | 14260 W Indian School Rd | Goodyear | AZ | 85395 | (623) 535-1900 |
| 223 | East Mesa | Matthew Ailey | 2710 S Crismon Rd | Mesa | AZ | 85209 | (480) 354-2966 |
| 73 | Fletcher Heights | Matthew Ailey | 8270 W Lake Pleasant Pkwy | Peoria | AZ | 85382 | (623) 825-3221 |
| 283 | Arrowhead | Ayoola Akanni, Victoria Fabuluje | 7619 W. Thunderbird Rd | Peoria | AZ | 85381 | (623) 487-9600 |
| 247 | Ahwatukee | Todd Hunnicutt, Veronica Hunnicutt | 3922 E. Chandler Blvd. | Phoenix | AZ | 85048 | (480) 460-1575 |
| 345 | Tatum | Matthew Ailey | 4747 E Dynamite Blvd | Phoenix | AZ | 85331 | (480) 513-2900 |
| 793 | North Phoenix | Matthew Ailey | 28750 North Valley Parkway | Phoenix | AZ | 85085 | (623) 900-2404 |
| 478 | North Scottsdale | Matthew Ailey | 10120 E Bell Rd | Scottsdale | AZ | 85260 | (480) 455-5100 |
| 628 | Danville | Aarif Kurji, Karim Ramzanali, Samina Kurji, Samira Ramzanali | 2425 Camino Tassajara | Danville | CA | 94526 | (925) 895-6337 |
| 423 | Livermore | Neha Jalan, Piyoosh Jalan | 2901 Las Positas Rd | Livermore | CA | 94551 | (925) 215-7372 |
| 360 | Pleasanton | Aarif Kurji, Samina Kurji | 7110 Koll Center | Pleasanton | CA | 94566 | (925) 600-7746 |
| 616 | 4S Ranch San Diego | Reena Dayal | 17025 Via Del Campo | San Diego | CA | 92127 | (858) 592-5335 |
| 416 | Willow Glen | Amar Chokhawala, Simaben Shah | 1496 Hamilton Ave | San Jose | CA | 95125 | (408) 613-2783 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 497 | Evergreen | Charmi Patel, Hari Patel, Mohit Patel, Pankil B. Patel | 3008 Aborn Rd | San Jose | CA | 95135 | (408) 440-8215 |
| 601 | Cupertino | Amar Chokhawala, Simaben Shah | 1002 S. De Anza Blvd. | San Jose | CA | 95129 | (669) 273-6169 |
| 185 | West Woods | Babur Siddique, Fiza Durrani | 16395 W 64th Ave | Arvada | CO | 80007 | (303) 431-5437 |
| 499 | Candelas | Babur Siddique, Fiza Durrani | 9179 Kendrick St | Arvada | CO | 80007 | (720) 621-2000 |
| 145 | Saddle Rock | Nikhil Saluja, Ravneet Chhabra | 5950 South Gun Club Rd | Aurora | CO | 80016 | (303) 766-7859 |
| 296 | Tallgrass | Sabya Sinha, Shraboni Sinha | 21537 E Quincy Avenue | Aurora | CO | 80015 | (303) 699-8001 |
| 243 | The Flatirons | Charles Tash, Gregory Patrick, Kimberly Patrick | 1680 Coalton Rd | Broomfield | CO | 80027 | (303) 469-8000 |
| 42 | Castle Rock | Kim Barnett, Matthew Grossman, Wendy Jones | 5885 New Abbey Ln | Castle Rock | CO | 80108 | (303) 663-0333 |
| 52 | Cottonwood Creek | Gagan Deep Singh Sethi, Rajwinder Harika | 4110 Dublin Blvd | Colorado Springs | CO | 80923 | (719) 260-8181 |
| 285 | Stetson Hills | Dalton Hayes, Dalton (DJ) Hayes, Robyn Hayes | 3805 Tutt Blvd | Colorado Springs | CO | 80922 | (719) 442-1992 |
| 807 | North Colorado Springs | Abigail Day, Charles Matthew Day | 2380 Briar Ridge Point | Colorado Springs | CO | 80920 | (719) 268-0664 |
| 141 | Reunion | Christopher S. Aaron, Cindy Aaron, Stephanie Branscum, Steve Aaron | 17050 E. 103rd Ave | Commerce City | CO | 80022 | (303) 637-9999 |
| 156 | Denver Central Park | Elizabeth M. Deasy | 2501 Syracuse St | Denver | CO | 80238 | (303) 322-7200 |
| 327 | Lowry | Christopher Lang, Shannan Meyer | 150 Spruce Street | Denver | CO | 80230 | (303) 341-7000 |
| 400 | Colorado Station | Michele Massey Alexander, Timothy Alexander | 4300 E Warren Ave | Denver | CO | 80222 | (303) 757-7727 |
| 580 | Denver North | Elizabeth M. Deasy | 9954 E. 59th Avenue | Denver | CO | 80238 | (720) 405-5150 |
| 43 | Centennial | Daniel Meyer, Shannan Meyer | 13331 E Euclid Pl | Englewood | CO | 80111 | (720) 488-7400 |
| 213 | Erie at Vista Ridge | Christopher Lang, Kent Cookson, Rebecca Cookson | 2998 Ridge View Dr | Erie | CO | 80516 | (303) 665-3444 |
| 818 | Firestone at Longmont | Sabya Sinha, Shraboni Sinha | 6077 Firestone Blvd | Firestone | CO | 80504 | (720) 712-5538 |
| 262 | Fort Collins | Jesse Mateyka, Nikole Mateyka | 2117 Bighorn Dr | Fort Collins | CO | 80525 | (970) 689-3811 |
| 346 | The Denver Tech Center | Alicia Grenolds, Richard L. Grenolds Jr. | 8745 East Orchard Rd Suite 500 | Greenwood Village | CO | 80111 | (303) 993-3665 |
| 4 | Shadow Canyon | Jose A. Emmanuelli, Jose C. Emmanuelli, Maria Emmanuelli, Michael Burns, Nydia Emmanuelli, Suzanne Burns | 4105 Siskin Ave | Highlands Ranch | CO | 80126 | (720) 200-9388 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 90 | Highlands Ranch Business Park | Aneeka Sinha, Shraboni Sinha, Sourav Sinha | 9055 S Ridgeline Blvd | Highlands Ranch | CO | 80129 | (303) 346-4800 |
| 324 | Lafayette | Britney Miller, Cari Birkhauser | 411 Homestead St | Lafayette | CO | 80026 | (303) 665-4769 |
| 31 | Bear Creek | Heather Rieboldt | 3395 S Kipling Pkwy | Lakewood | CO | 80227 | (303) 716-7147 |
| 100 | Ken Caryl | Heather Haugen, Jeneane Grimes, Stacey Alexander | 6060 S. Devinney Way | Littleton | CO | 80127 | (720) 981-2988 |
| 115 | Littleton | Farima Nemat, Kiyana Farzaneh, Mehran Nemat | 7991 Southpark Way | Littleton | CO | 80120 | (303) 795-6555 |
| 589 | Sterling Ranch | Amanda Fawcett, Jacquelyn Fawcett, Lee Fawcett, Michael Fawcett | 8159 Piney River | Littleton | CO | 80125 | (303) 319-6377 |
| 116 | Lone Tree | Kim Barnett, Matthew Grossman, Wendy Jones | 9200 Teddy Ln | Lone Tree | CO | 80124 | (303) 792-9234 |
| 117 | Longmont | Jon Bourgain, Kim Bourgain | 1335 Dry Creek Dr | Longmont | CO | 80503 | (303) 774-1919 |
| 132 | Parker | Daniel Meyer, Sarah Cleary, Shannan Meyer | 18692 Pony Express Dr | Parker | CO | 80134 | (303) 840-5300 |
| 170 | Thornton | Elizabeth M. Deasy | 12899 Grant Dr | Thornton | CO | 80241 | (303) 279-0525 |
| 171 | Torrey Peaks | Jacquelyn Fawcett, Lee Fawcett | 5483 W 118th Place | Westminster | CO | 80020 | (303) 246-4203 |
| 322 | Standley Lake | Christopher S. Aaron, Cindy Aaron, Stephanie Branscum, Steve Aaron | 8430 West Church Ranch Blvd | Westminster | CO | 80021 | (303) 650-5437 |
| 590 | The Parks DC | Mitesh P. Patel, Parbhu Patel | 6800 Georgia Ave NW | Washington | DC | 20012 | (202) 545-0600 |
| 107 | Lakewood Ranch Town Center | Matthew Ailey | 9127 Town Center Pkwy | Bradenton | FL | 34202 | (941) 373-6363 |
| 505 | Cooper City | Anne Bruckner, Jonathan Bruckner | 8447 Sheridan St | Cooper City | FL | 33024 | (954) 648-6122 |
| 534 | Estero | Christopher D. Essig, David Essig, Jamie Essig, Linda Essig | 10350 Corkscrew Commons Drive | Estero | FL | 33928 | (239) 330-8030 |
| 72 | Fleming Island | Charles Pleiss Jr., Dodie Pleiss | 2031 Town Center Blvd | Fleming Island | FL | 32003 | (904) 278-6886 |
| 98 | Julington Creek | Andrew Vickers, Courtney Guevara, Eduardo Guevara, Eduardo D. Guevara, Eduardo J. Guevara, Jorge Guevara, Marilyn Vickers, Marta Guevara | 480 State Rd 13 N | Jacksonville | FL | 32259 | (904) 230-2828 |
| 155 | St. John's Forest | Eduardo Guevara, Eduardo J. Guevara, Jorge Guevara, Marta Guevara | 180 Gateway Cir | Jacksonville | FL | 32259 | (904) 824-1100 |
| 330 | Glen Kernan | Carlos Granados, Laura Granados | 4610 Hodges Blvd | Jacksonville | FL | 32224 | (904) 992-9002 |
| 553 | Lakewood Ranch North | Matthew Ailey | 5730 New Haven Boulevard | Lakewood Ranch | FL | 34211 | (941) 500-1092 |
| 49 | Collier Parkway | Matthew Ailey | 23021 Weeks Blvd | Land O' Lakes | FL | 34639 | (813) 242-7800 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 341 | Longwood at Wekiva Springs | Christopher Boesch, Sabrina Boesch | 2615 West State Rd 434 | Longwood | FL | 32779 | (407) 960-5078 |
| 118 | Lutz | Ami Gohil, Ketansinh Gohil | 5001 W. Lutz Lake Fern Rd | Lutz | FL | 33558 | (813) 920-9384 |
| 394 | Miramar | Lakshmi Kapadia, Poorab Kapadia | 2701 Dykes Rd | Miramar | FL | 33027 | (754) 333-0789 |
| 370 | North Naples | Christopher D. Essig, David Essig, Jamie Essig, Linda Essig | 4510 Executive Drive | Naples | FL | 34119 | (239) 774-6767 |
| 365 | Ocoee | Andrew Lund, Kristy Lund | 860 Tomyn Blvd | Ocoee | FL | 34761 | (407) 347-8902 |
| 552 | Oldsmar | Ketan Patel, Sanjay Patel, Smeet Patel, Smruti Patel, Trupti Patel | 3760 Tampa Road | Oldsmar | FL | 34677 | (813) 818-1102 |
| 7 | Vista Lakes | Andrew Lund | 8712 Lee Vista Blvd | Orlando | FL | 32829 | (407) 381-5559 |
| 15 | Hunter's Creek | David Mohabir, Davina Mohabir, Jresaraine Mohabir | 5741 Town Center Blvd | Orlando | FL | 32837 | (407) 251-2771 |
| 28 | Avalon Park | Manojkumar Naik, Seema Naik | 13461 Tanja King Blvd | Orlando | FL | 32828 | (407) 737-1500 |
| 334 | Lake Nona | Manojkumar Naik, Seema Naik | 9915 Vickrey Place | Orlando | FL | 32827 | (407) 982-5567 |
| 308 | Oviedo | Carmela Parrott, Nathan Parrott | 1933 W County Road 419 | Oviedo | FL | 32766 | (407) 359-5200 |
| 484 | Crosswater Parkway | Kenneth Muller, Susan Muller | 785 Crosswater Parkway | Ponte Vedra Beach | FL | 32081 | (904) 547-1213 |
| 574 | Tradition | Amber Resetar, Doug Resetar | 10387 SW West Park Ave | Port Saint Lucie | FL | 34987 | (772) 348-3200 |
| 707 | Riverview | Matthew Ailey | 13085 Summerfield Crossing Blvd. | Riverview | FL | 33579 | (813) 295-2532 |
| 636 | Royal Palm Beach | Arthur Keiser, Belinda Keiser, Robert Keiser | 400 Royal Commerce Road | Royal Palm Beach | FL | 33411 | (561) 486-1863 |
| 304 | Lake Mary Heathrow | Christopher Boesch, Sabrina Boesch | 1200 Orange Blvd | Sanford | FL | 32771 | (407) 321-7979 |
| 14 | Cross Creek | John Coombs | 10301 Cross Creek Blvd | Tampa | FL | 33647 | (813) 994-6800 |
| 24 | Tampa Palms | Deanne M. Fitzpatrick, Robert G. Fitzpatrick IV | 5307 Primrose Lake Cir | Tampa | FL | 33647 | (813) 975-4000 |
| 186 | Westchase | Matthew McCallister | 12051 Whitmarsh Ln | Tampa | FL | 33626 | (813) 814-9685 |
| 354 | South Tampa | Christy Blackard, Estate of Richard Radtke, Jana Radtke, John-Ryan Radtke | 1700 W Kennedy Blvd | Tampa | FL | 33606 | (813) 876-1000 |
| 401 | Carrollwood | Sandy Deng, Shi Deng | 1770 W Bearss Ave | Tampa | FL | 33613 | (813) 398-8607 |
| 312 | Bloomingdale | Ami Gohil, Ketansinh Gohil | 1280 Bloomingdale Avenue | Valrico | FL | 33596 | (813) 438-5980 |
| 379 | Winter Springs | Diana Palen, Gregory Palen | 90 Heritage Park St | Winter Springs | FL | 32708 | (407) 327-3331 |
| 2 | Acworth at Bentwater | Amy Roper, Thomas Roper | 3664 Cedarcrest Rd | Acworth | GA | 30101 | (770) 529-3925 |
| 26 | Alpharetta | Irina Bhatia, Suvir Bhatia | 315 Henderson Village Pky | Alpharetta | GA | 30004 | (770) 664-7508 |

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|---|---|---|---|---|---|---|---|
| 47 | Alpharetta East | Andrew Wells, Joshua Jones, Lauren Jones | 5425 Mcginnis Village Pl | Alpharetta | GA | 30005 | (678) 339-0107 |
| 121 | Mansell Road | Clarissa Palhegyi, Jeffrey Palhegyi | 1015 Kingswood Place | Alpharetta | GA | 30009 | (770) 552-1986 |
| 774 | Roswell East at Nesbit Ferry | Hannah Kim, Kathrina Edwards, Myung Kim, Simon Edwards | 9440 Nesbit Ferry Rd | Alpharetta | GA | 30022 | (404) 910-6767 |
| 445 | Athens | Ellen Beasley, William Beasley | 180 Athens Town Blvd | Athens | GA | 30606 | (706) 850-0223 |
| 297 | Midtown at Colony Square | Carlos Stoltz, Keri Stoltz | 1197 Peachtree St Suite 554 | Atlanta | GA | 30361 | (404) 745-9797 |
| 387 | Brookhaven | Jarrad Vaughn, Olivia Vaughn | 3575 Durden Drive NE | Atlanta | GA | 30319 | (404) 844-9775 |
| 404 | Buckhead | Chris Fofiu, Irina Fofiu | 3355 Lenox Rd Ne Suite 100 | Atlanta | GA | 30326 | (404) 585-4854 |
| 449 | Druid Hills | Laura Stechmesser, Paul Stechmesser | 2910 North Druid Hills Rd | Atlanta | GA | 30329 | (678) 557-5207 |
| 487 | Grant Park | Myehla Reneau | 519 Memorial Dr SE Suite A-14 | Atlanta | GA | 30312 | (404) 479-7909 |
| 543 | Atlanta Westside | Christopher Williams, George Elba, Jennifer Bunting-Graden | 2260 Marietta Blvd. Suite 114 | Atlanta | GA | 30318 | (404) 565-0257 |
| 794 | Emory Healthcare - Northlake Campus | Laura Stechmesser, Paul Stechmesser | 4820 Briarcliff Road | Atlanta | GA | 30345 | (678) 884-2727 |
| 455 | Braselton | Amanda Holcomb, David Holcomb, Jenifer McKnight, John McKnight | 2711 Old Winder Hwy | Braselton | GA | 30517 | (770) 904-9860 |
| 10 | Buford | Heather Choi, Thomas Choi | 1650 Crossroads Dr | Buford | GA | 30518 | (770) 932-5573 |
| 149 | Sixes Road | Gary Baude | 95 Ridge Rd | Canton | GA | 30114 | (770) 479-9500 |
| 54 | Cumming East | Cory Durden, Ronald Andrews | 1245 Sanders Rd | Cumming | GA | 30041 | (770) 889-9900 |
| 157 | Cumming West | Ali Gowani, Alia Rasheed, Anupama Menon, Soha Gowani, Tahir Jiwan | 5745 Steeplechase Blvd | Cumming | GA | 30040 | (678) 455-6008 |
| 583 | Cumming North | Ali Gowani, Alia Rasheed, Anupama Menon, Kelly Piatty, Leigh Gregory, Soha Gowani, Tahir Jiwan | 3545 Matt Highway | Cumming | GA | 30040 | (770) 203-2773 |
| 57 | Duluth West | Christine Thomas (Weiss) | 3525 Duluth Park Ln | Duluth | GA | 30096 | (770) 623-0085 |
| 58 | Dunwoody | Larry Manning, Lynn Manning | 5050 Nandina Ln | Dunwoody | GA | 30338 | (770) 396-8266 |
| 77 | Gainesville | Heather Choi, Thomas Choi | 2171 Sandridge Ct | Gainesville | GA | 30501 | (770) 297-9977 |
| 82 | Harmony on the Lakes | Kim Barnett, Matthew Grossman | 404 Argonne Terrace | Holly Springs | GA | 30115 | (770) 704-0721 |
| 97 | Johns Creek Northwest | Charles Mopur, Pushpa Mopur | 11130 Jones Bridge Rd | Johns Creek | GA | 30022 | (770) 664-8911 |
| 34 | Bells Ferry | Gary Baude | 175 Hawkins Store Rd | Kennesaw | GA | 30144 | (770) 928-5683 |
| 101 | Kennesaw North | Amy Roper, Thomas Roper | 3054 N. Main Street | Kennesaw | GA | 30144 | (770) 218-3500 |
| 175 | Wade Green | Angela Michelle Rath | 4321 Wade Green Road | Kennesaw | GA | 30144 | (770) 419-8001 |

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|---|---|---|---|---|---|---|---|
| 279 | Brookstone | Lindsey Prewitt, Mark E Prewitt | 5250 Stilesboro Rd Nw | Kennesaw | GA | 30152 | (770) 794-1651 |
| 5 | Sugarloaf Parkway-East | Tanisha Turner | 2782 Sugarloaf Parkway | Lawrenceville | GA | 30045 | (770) 513-0066 |
| 71 | Five Forks | Gilbert Benjamin | 3030 River Dr Sw | Lawrenceville | GA | 30044 | (770) 985-0028 |
| 111 | Lawrenceville North | Andrew Hines, Felicia Hines | 625 Russell Rd NE | Lawrenceville | GA | 30043 | (770) 962-9595 |
| 139 | Providence Pavilion | Chhitel Patidar, Harita Patel, Minesh Patel | 905 Veterans Memorial Hwy SE | Mableton | GA | 30126 | (770) 819-1286 |
| 3 | Oregon Park | Donald R. Cote, Mark L. Camplen, Nicole M. Camplen | 3690 Largent Way | Marietta | GA | 30064 | (770) 421-0369 |
| 63 | East Lake | Rebecca Artemis, William Artemis | 2065 Roswell Rd | Marietta | GA | 30062 | (770) 971-0148 |
| 110 | Lassiter | Kristen M. Butler, Sean Butler | 2821 Lassiter Rd NE | Marietta | GA | 30062 | (770) 641-8535 |
| 119 | Macland Pointe | Kim Barnett, Matthew Grossman | 1815 Macland Road | Marietta | GA | 30064 | (770) 425-0035 |
| 153 | East Cobb at Sprayberry | Kim Barnett, Matthew Grossman | 2531 East Piedmont Rd | Marietta | GA | 30062 | (770) 578-4832 |
| 474 | East Cobb at Paper Mill | John Fudge, Tara Fudge | 202 Village Parkway NE | Marietta | GA | 30067 | (470) 631-9327 |
| 134 | Peachtree Corners | Irina Bhatia, Suvir Bhatia | 6325 Primrose Hill Ct | Peachtree Corners | GA | 30092 | (770) 409-8732 |
| 675 | Godley Station | Aimar Martin, Nancy Martin | 134 Traders Way | Pooler | GA | 31322 | (912) 656-8798 |
| 142 | Roswell North | Alia Rasheed, Anupama Menon, Tahir Jiwan | 11160 Crabapple Road | Roswell | GA | 30075 | (770) 641-8670 |
| 402 | Sandy Springs South | Amit Khurana, Raneet Khurana | 5188 Roswell Road | Sandy Springs | GA | 30342 | (470) 685-1281 |
| 516 | Sandy Springs North | Amit Khurana, Manish Bhatia, Raneet Khurana, Roma Narang | 460 Abernathy Rd. | Sandy Springs | GA | 30328 | (404) 993-7716 |
| 294 | Smyrna West | Nitin Gulia, Supriya Dhankhar | 661 Church Road | Smyrna | GA | 30080 | (678) 217-4455 |
| 96 | Johns Creek | Gary Baude, Patricia Crowe | 7396 Mcginnis Ferry Road | Suwanee | GA | 30024 | (770) 476-9024 |
| 164 | Suwanee West | Cory Durden, Ronald Andrews | 800 Peachtree Industrial Blvd | Suwanee | GA | 30024 | (770) 932-3900 |
| 165 | Suwanee | Andrew Strobelt, Jessica Redmond | 2050 Lawrenceville/Suwanee Road | Suwanee | GA | 30024 | (770) 963-1491 |
| 189 | Woodstock | Ellen Gallagher | 401 Sherwood Dr | Woodstock | GA | 30188 | (770) 924-0084 |
| 275 | Woodstock East | James Fidanza, Rhonda Fidanza, Shannon Fidanza | 175 Village Centre East | Woodstock | GA | 30188 | (770) 924-9881 |
| 566 | Ankeny at Prairie Trail | Lyndi McVey, Megan Sifert, Sean R. McVey | 2620 SW Vintage Pkwy | Ankeny | IA | 50023 | (515) 412-3956 |
| 571 | Urbandale | Aarif Kurji, Ameerali Mehdi, Umesh J. Parekh | 12001 Hickman Road | Urbandale | IA | 50323 | (515) 201-5636 |

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|---|---|---|---|---|---|---|---|
| 683 | West Des Moines | Aarif Kurji, Ameerali Mehdi, Umesh J. Parekh | 8080 Coachlight Drive | West Des Moines | IA | 50266 | (515) 500-7781 |
| 717 | North Meridian | Bradley Shafer, Brenda Shafer | 4818 N. Elsinore Ave. | Meridian | ID | 83646 | (208) 515-0122 |
| 319 | Algonquin | Ali Gowani, Alia Rasheed, Soha Gowani, Tahir Jiwan, Zafreen Somani | 2300 County Line Rd | Algonquin | IL | 60102 | (224) 333-0380 |
| 544 | Carol Stream | Kranthi Chiluka, Vibhuti Vaghani, Vishal Vaghani, Zarna Chiluka | 1271 North County Farm Road | Carol Stream | IL | 60188 | (630) 206-3771 |
| 419 | Long Grove | Jennifer Wierzchon, Richard Wierzchon | 3985 N. Old Mchenry Road | Long Grove | IL | 60047 | (847) 438-3175 |
| 331 | Naperville Crossings | Hong Pang Fu, Jennifer Fu | 2915 Reflection Dr | Naperville | IL | 60564 | (630) 778-8825 |
| 486 | Plainfield | Harleen Kaur, Ravipal Arora | 23755 W. 135 Street | Plainfield | IL | 60544 | (815) 510-6000 |
| 310 | South Elgin | Ali Gowani, Soha Gowani | 450 Briargate Dr | South Elgin | IL | 60177 | (847) 468-1630 |
| 471 | St. Charles West | Mrugesh N. Patel, Navinchandra K. Patel, Nilam B. Patel, Pinal S. Kerai, Shashivadan V. Kerai | 1940 Bricher Rd | St Charles | IL | 60174 | (630) 402-9080 |
| 706 | Winfield | Christa Stalcup, Stephen Stalcup | 0N040 Winfield Road #100 | Winfield | IL | 60190 | (331) 716-5700 |
| 520 | Greenwood | Dave Tutton, Jessica Schmollinger, Rhonda Sue Tutton | 5164 N State Road 135 | Bargersville | IN | 46106 | (317) 883-7181 |
| 210 | WestClay | Julia Bowman | 13096 Moultrie Street | Carmel | IN | 46032 | (317) 873-0123 |
| 298 | Carmel | Israel Alvarado, Nicole Alvarado | 780 West Carmel Dr | Carmel | IN | 46032 | (317) 848-8771 |
| 367 | West Carmel | Bryan Bowman, Julia Bowman | 3746 W 98th St | Carmel | IN | 46032 | (317) 876-0123 |
| 78 | Gray Eagle | Anita Boyd, Harrison Boyd | 12290 Olio Rd | Fishers | IN | 46037 | (317) 577-9480 |
| 251 | West Fishers | Alan Adams, Kimberly Kohl (Terrell) | 12609 Parkside Dr | Fishers | IN | 46038 | (317) 579-9510 |
| 415 | Fishers Station | Alan Adams, Kimberly Kohl (Terrell) | 7348 River Glen Dr | Fishers | IN | 46038 | (317) 537-0102 |
| 491 | Geist | Anita Boyd, Harrison Boyd | 7615 Oaklandon Rd | Indianapolis | IN | 46236 | (317) 855-7808 |
| 271 | Noblesville | Jackie Bell, Randall Brown, Tom Bell | 15707 North Point Blvd | Noblesville | IN | 46060 | (317) 773-4900 |
| 288 | Bridgewater | Julia Bowman | 14711 N Gray Road | Westfield | IN | 46062 | (317) 848-0123 |
| 521 | Grand Park | Bryan Bowman, Julia Bowman | 18170 John Dippel Boulevard | Westfield | IN | 46074 | (317) 763-1223 |
| 292 | Anson-Zionsville | Leslie Brezette, The Estate of Ron Habenicht | 6484 Central Blvd | Whitestown | IN | 46075 | (317) 769-4990 |
| 548 | KU Medical Center | Ami Sanjanwala, Hemal J. Patel, Kaushal Sanjanwala, Kunjan Patel, Shalin Sanjanwala, Sunita Sanjanwala | 2205 W 36th Ave | Kansas City | KS | 66103 | (913) 432-2222 |
| 112 | Leawood | Arjun Amaran, Sudha Amaran | 4820 West 137th St | Leawood | KS | 66224 | (913) 897-8900 |

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|---|---|---|---|---|---|---|---|
| 407 | North Olathe | Ami Sanjanwala, Hemal J. Patel, Kaushal Sanjanwala, Shalin Sanjanwala, Sunita Sanjanwala | 11194 South Noble Dr | Olathe | KS | 66061 | (913) 764-0018 |
| 344 | Overland Park | Ami Sanjanwala, Hemal J. Patel, Kaushal Sanjanwala, Shalin Sanjanwala, Sunita Sanjanwala | 12100 W 135th St | Overland Park | KS | 66221 | (913) 400-2435 |
| 467 | Blue Valley | Arjun Amaran, Sudha Amaran | 8300 W 165th St | Overland Park | KS | 66085 | (913) 370-9000 |
| 638 | Prairie Village | Brie C. Meschke, Cory J. Meschke, John D. Meschke, Nannette C. Meschke | 5340 West 95th Street Prairie Village, KS 66207 | Prairie Village | KS | 66207 | (913) 440-4120 |
| 513 | Shawnee | Anne Lewis | 22810 Midland Drive | Shawnee | KS | 66226 | (913) 416-5801 |
| 337 | Wichita East | Anjana Bhakta, Jigar Bhakta, Malini Bhakta, Rajesh Bhakta | 2072 N 127th St E | Wichita | KS | 67206 | (316) 807-8622 |
| 432 | Wichita West | Anjana Bhakta, Rajesh Bhakta | 3033 N Parkdale Cir | Wichita | KS | 67205 | (316) 670-0791 |
| 375 | East Louisville | Anne Almond, James Almond | 1151 Dorsey Lane | Louisville | KY | 40223 | (502) 974-4111 |
| 483 | Old Henry Crossing | Anne Almond, James Almond | 14801 Bush Farm Rd | Louisville | KY | 40245 | (502) 727-7269 |
| 435 | Andover | Bhargav Athia, Urvi Athia | 503 S Main St | Andover | MA | 01810 | (978) 289-4020 |
| 364 | Burlington | Curt Van Emon, Rachel Van Emon | 10 Greenleaf Way | Burlington | MA | 01803 | (781) 265-4400 |
| 634 | Canton at Blue Hills | Janki M. Patel, Manan Patel | 225 Turnpike Street | Canton | MA | 02021 | (781) 713-4499 |
| 472 | Chelmsford | Curt Van Emon, Rachel Van Emon | 205 North Rd | Chelmsford | MA | 01824 | (978) 710-6123 |
| 695 | North Shore - Danvers | Danielle Rodrigues, Kristen TenBroek, Pedro Rodrigues, Trampas M. TenBroek | 308 Andover Street | Danvers | MA | 01923 | (480) 227-8726 |
| 682 | Franklin | Hemali S. Patel, Neha P. Patel, Parag J. Patel, Samir K. Patel | 700 Union St | Franklin | MA | 02038 | (508) 333-0054 |
| 529 | Mansfield | Hemali S. Patel, Neha P. Patel, Parag J. Patel, Samir K. Patel | 201 Copeland Dr. | Mansfield | MA | 02048 | (508) 369-6163 |
| 424 | Natick | Lonnie Cohn, Suzanne Cohn | 296 North Main St | Natick | MA | 01760 | (508) 545-2624 |
| 620 | Rockland | Dhanraj Biyani, Ritu Bhutda | 845 Hingham Street | Rockland | MA | 02370 | (781) 999-3594 |
| 759 | Tewksbury | Keisha Perez, Raul Perez Jr. | 1497 Main Street | Tewksbury | MA | 01876 | (978) 866-6307 |
| 496 | Woburn | Curt Van Emon | 168 Lexington Street | Woburn | MA | 01801 | (781) 497-8388 |
| 588 | Annapolis | Beenish Bhatia, Sruthi Reddy Gurrala | 181 Hilltop Lane | Annapolis | MD | 21403 | (443) 388-7962 |
| 545 | Bel Air | Anand M. Patel, Pranav Gandhi, Rikin Parikh, Vivek Parikh | 2219 Old Emmorton Road | Bel Air | MD | 21015 | (443) 918-4060 |
| 563 | Downtown Bethesda | Mitesh P. Patel, Parbhu Patel | 8101 Glenbrook Road | Bethesda | MD | 20814 | (301) 656-6000 |
| 570 | Ellicott City | Falgunbhai Patel, Mital Patel, Viral Patel | 3255 Corporate Ct. | Ellicott City | MD | 21042 | (410) 200-9898 |

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|---|---|---|---|---|---|---|---|
| 371 | Gambrills | Ketan Patel, Nisha Rastogi | 670 Md Route 3 Southbound | Gambrills | MD | 21054 | (410) 923-2424 |
| 485 | Silver Spring at Layhill | Jasmili Majmudar, Jignesh Majmudar, Venu Majmudar | 2020 Queensguard Road | Silver Spring | MD | 20906 | (240) 355-1166 |
| 507 | Canton | Ami Sanjanwala, Hemal J. Patel, Kaushal Sanjanwala, Kunjan Patel, Shalin Sanjanwala, Sunita Sanjanwala | 45215 Primrose Lane | Canton | MI | 48188 | (734) 544-1624 |
| 770 | Andover at Crosstown | Matthew Ailey | 15216 Bluebird St NW | Andover | MN | 55304 | (763) 208-7858 |
| 411 | Apple Valley | Melisa Schultz, Vincent Schultz | 15455 Embry Path | Apple Valley | MN | 55124 | (952) 683-9595 |
| 506 | Arden Hills and Shoreview | Saleem Karmaliani, Salima Mithani | 4061 Lexington Ave N | Arden Hills | MN | 55126 | (651) 340-0787 |
| 245 | The Lakes at Blaine | Matthew Ailey | 2303 124th Court NE | Blaine | MN | 55449 | (763) 767-4222 |
| 328 | Champlin Park | Joe Piket, Sarah Piket | 10051 Xenia Avenue North | Brooklyn Park | MN | 55443 | (763) 494-5500 |
| 339 | Chanhassen | Benjamin Adams, Lisa Adams | 8950 Crossroads Blvd | Chanhassen | MN | 55317 | (952) 934-2590 |
| 468 | Cottage Grove | Melinda Arora, Tanveer Arora | 6927 Pine Arbor Dr S | Cottage Grove | MN | 55016 | (651) 302-7877 |
| 311 | Eagan | Darren Storkamp, Diane Storkamp | 4249 Johnny Cake Ridge Rd | Eagan | MN | 55122 | (651) 994-1477 |
| 65 | Eden Prairie | Benjamin Adams, Lisa Adams | 7800 Eden Prairie Rd | Eden Prairie | MN | 55347 | (952) 944-6025 |
| 343 | Edina | Saleem Karmaliani, Salima Mithani | 7399 Metro Blvd | Edina | MN | 55439 | (763) 381-4971 |
| 771 | Hugo | Heidi Britt, Matthew Ailey | 14689 Victor Hugo Blvd | Hugo | MN | 55038 | (651) 528-7648 |
| 244 | Lakeville North | Maurice Bleess, Maurice Bless, Michael Hobbs, Renae Hobbs, William R. Taylor | 9711 163rd St West | Lakeville | MN | 55044 | (952) 435-8885 |
| 208 | Maple Grove | Pooja Kattimani, Raghavendra Navalgund | 6975 Wedgwood Rd N | Maple Grove | MN | 55311 | (763) 494-4330 |
| 380 | Minnetonka | Matthew Ailey | 17821 Hwy 7 | Minnetonka | MN | 55345 | (952) 401-0300 |
| 184 | West Plymouth | Saleem Karmaliani, Salima Mithani | 17805 Old Rockford Rd | Plymouth | MN | 55446 | (763) 519-9150 |
| 463 | South Minneapolis and Richfield | Saleem Karmaliani, Salima Mithani | 6500 Richfield Parkway | Richfield | MN | 55423 | (612) 999-0666 |
| 282 | Rochester | Laura Kropp, Rachel Kadlec | 2600 2nd Street Sw | Rochester | MN | 55902 | (507) 424-2660 |
| 557 | Rogers | Laura H. Johnsrud, Scott D. Johnsrud | 21035 135th Ave N. | Rogers | MN | 55374 | (763) 760-3732 |
| 146 | Prior Lake and Savage | Cara Tonnell Gauthier, Saleem Karmaliani, Salima Mithani | 7459 South Park Dr | Savage | MN | 55378 | (952) 226-4352 |
| 436 | St. Louis Park West | Sulaiman Hemani | 8955 W 36th St | St Louis Park | MN | 55426 | (952) 873-7484 |
| 414 | St. Paul at Merriam Park | Renae Hobbs, William R. Taylor | 1533 Dayton Ave | St Paul | MN | 55104 | (651) 202-3144 |
| 188 | Woodbury | Tonya Holt, Travis Holt | 10350 City Walk Dr | Woodbury | MN | 55129 | (651) 731-5333 |

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|---|---|---|---|---|---|---|---|
| 579 | Ballwin | Christine M. Thompson, Kurtis W. Parks, Michelle R. Parks, Stephen Thompson | 15031 Manchester Road | Ballwin | MO | 63011 | (636) 220-3100 |
| 619 | St. Charles Community College | Jacqueline Rothermich, Joseph Ruppert III, Lori Ruppert | 4601 Mid Rivers Mall Dr. | Cottleville | MO | 63376 | (636) 329-6040 |
| 525 | Liberty | Ahsan Mirza, Bahija Maaroufi | 8700 NE 82nd Street | Kansas City | MO | 64158 | (816) 415-3033 |
| 535 | Ward Parkway | Brie C. Meschke, Cory J. Meschke, John D. Meschke, Nannette C. Meschke | 1309 Meadow Lake Parkway | Kansas City | MO | 64114 | (816) 822-0000 |
| 562 | Lee's Summit | Mithra T. Amaran | 351 SW Kessler Dr | Lee's Summit | MO | 64081 | (816) 369-0001 |
| 389 | O'Fallon at WingHaven | Jacqueline Rothermich, Jason Rothermich | 7778 Winghaven Blvd | O'Fallon | MO | 63368 | (636) 281-1183 |
| 481 | St. Charles at Heritage | Jamie Ovlia, Vincent Ovlia | 1001 Heritage Crossing | St Peters | MO | 63303 | (636) 317-6200 |
| 183 | West Lake | Gaurav Chaudhry, Sonali Gupta | 4501 West Lake Rd | Apex | NC | 27539 | (919) 662-1322 |
| 386 | Apex | Kerry Stockman | 614 Old Mill Village Drive | Apex | NC | 27502 | (919) 339-3874 |
| 41 | Cary | Neeti Sobti | 1500 Evans Rd | Cary | NC | 27513 | (919) 481-3901 |
| 180 | West Cary | Leslie Moore-Martinez | 2511 Nc 55 Highway | Cary | NC | 27519 | (919) 363-2700 |
| 426 | Chapel Hill at Briar Chapel | Anna Sharma, Gaurav Sharma | 81 Falling Springs Drive | Chapel Hill | NC | 27516 | (919) 441-0441 |
| 64 | Eastfield Village | Jennifer Lauber | 13105 Eastfield Village Ln | Charlotte | NC | 28269 | (704) 947-3266 |
| 291 | Lake Wylie | Prachi Ghadi, Trupti P. Patel | 3960 W Arrowood Rd | Charlotte | NC | 28273 | (704) 926-4955 |
| 441 | South Charlotte | Bill McConnell, Yaa McConnell | 15933 Lancaster Highway | Charlotte | NC | 28277 | (704) 426-3652 |
| 1 | Afton Village | Judy Walker, Michael Walker | 5401 Vinings St Nw | Concord | NC | 28027 | (704) 788-8860 |
| 287 | Cornelius | Cheryl Jenkins, Frederick Jenkins | 19640 Jetton Rd | Cornelius | NC | 28031 | (704) 895-3300 |
| 93 | Hope Valley Farms | Juan Munguia, Norma Guzman-Munguia | 702 Juliette Dr | Durham | NC | 27713 | (919) 484-8884 |
| 522 | Chapel Hill East | Erin A. Pennington, Horace R. Pennington | 4527 Pope Rd | Durham | NC | 27707 | (919) 491-5686 |
| 36 | Brassfield | Matthew Ailey | 3105 Brassfield Road | Greensboro | NC | 27410 | (336) 286-0500 |
| 124 | New Irving Park | Matthew Ailey | 4 North Pointe Ct | Greensboro | NC | 27408 | (336) 286-8889 |
| 305 | Holly Grove | Christine New, David New | 1530 Avent Ferry Road | Holly Springs | NC | 27540 | (919) 567-1114 |
| 374 | Huntersville | Cheryl Jenkins, Frederick Jenkins | 9552 Kincey Ave | Huntersville | NC | 28078 | (704) 875-7700 |
| 303 | Austin Village | Jennifer Dennis, Mark Dennis | 5407 Potter Road | Matthews | NC | 28104 | (704) 821-9300 |
| 105 | Lake Norman | Doug Bradley | 173 Raceway Drive | Mooresville | NC | 28117 | (704) 658-0460 |
| 6 | The Park | Leslie Moore-Martinez | 131 Lattner Ct | Morrisville | NC | 27560 | (919) 468-8880 |
| 128 | North Raleigh | Beth White, Michael White | 8521 Falls of the Neuse Road | North Raleigh | NC | 27615 | (919) 329-2929 |
| 91 | Hilburn | Beth White, Michael White | 6941 Hilburn Dr | Raleigh | NC | 27613 | (919) 783-8222 |
| 420 | Brier Creek | Daniel Shults, Karen Shults | 11151 Salem Glen Lane | Raleigh | NC | 27617 | (919) 880-2416 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 84 | Heritage Wake Forest | Gaurav Chaudhry, Sonali Gupta | 844 Heritage Lake Rd | Wake Forest | NC | 27587 | (919) 453-2554 |
| 573 | North Wilmington | Robert Martin, Samantha Martin | 7984 Market Street | Wilmington | NC | 28411 | (910) 319-7317 |
| 608 | Wilmington at Medical Center | Robert Martin, Samantha Martin | 1401 South 16th Street | Wilmington | NC | 28401 | (910) 409-6350 |
| 359 | La Vista | Cole Stichler, Katie L. Stichler | 8202 S 97th Plaza | La Vista | NE | 68128 | (402) 517-1153 |
| 536 | Lincoln at Wilderness Hills | Elizabeth Tonniges, Jesse Bergman | 8811 S. 28th Street | Lincoln | NE | 68516 | (402) 803-8525 |
| 749 | Hudl | Elizabeth Tonniges, Jesse Bergman | 600 P Street | Lincoln | NE | 68508 | (402) 321-5190 |
| 113 | Legacy | Cole Stichler, Katie L. Stichler | 17440 Wright St | Omaha | NE | 68130 | (402) 334-3337 |
| 442 | Falling Waters | Kathryn DeSciose, Ryan Cole, Veronica Cole | 6625 S 193rd Ave | Omaha | NE | 68135 | (402) 991-6161 |
| 532 | West Maple | Cole Stichler, Katie L. Stichler | 16015 Evans Street | Omaha | NE | 68116 | (531) 999-1229 |
| 377 | Bedford Hills | James Barnes, Jane Barnes, Jim Barnes | 3 Cooper Lane | Bedford | NH | 03110 | (603) 472-3800 |
| 614 | Exeter | Cari Birkhauser, Chelsey Derry | 5 McKay Drive | Exeter | NH | 03833 | (603) 583-3860 |
| 584 | Bedminster | Anish Kothari, Anjli Kothari, Rimple Kothari, Suketu Kothari | 2073 Burnt Mills Road | Bedminster | NJ | 07921 | (908) 251-5780 |
| 372 | Berkeley Heights | Amina Shah-Gunaratne, Asanga Gunaratne | 246 Springfield Ave | Berkeley Heights | NJ | 07922 | (908) 286-0900 |
| 458 | Cherry Hill | Ankit Patel, Hetal Patel, Ketan Patel, Mayur K. Patel, Smruti Patel | 1875 Rt 70 East | Cherry Hill | NJ | 08003 | (856) 528-2347 |
| 501 | East Brunswick | Nilesh S. Patel, Priom Patel | 138 Summerhill Road | East Brunswick | NJ | 08816 | (732) 723-5900 |
| 618 | East Windsor | Rashmi Agarwal, Shailendra Poddar | 191 Dutch Neck Road | East Windsor | NJ | 08520 | (908) 552-9104 |
| 567 | North Edison | Anand K. Parekh, Ketul Patel, Kinjal A. Parekh, Upasana Patel | 23 Nevsky Street | Edison | NJ | 08820 | (732) 554-8554 |
| 363 | Florham Park | Raghav Varma | 31 Columbia Turnpike | Florham Park | NJ | 07932 | (973) 377-7724 |
| 565 | Hillsborough | Anish Kothari, Anjli Kothari, Rimple Kothari, Suketu Kothari | 32 Falcon Road | Hillsborough | NJ | 08844 | (908) 222-7030 |
| 622 | Morristown | Raghav Varma | 204 Madison Avenue | Morristown | NJ | 07960 | (973) 771-4403 |
| 356 | Mountainside | Ashley H. Gray, Charles F. Gray II | 1038 Springfield Ave | Mountainside | NJ | 07092 | (908) 228-5589 |
| 408 | Old Bridge | Harmanpreet Jasdhaul, Rashi Jasdhaul | 3647 RT 9 North | Old Bridge | NJ | 08857 | (732) 252-8694 |
| 454 | Paramus | Raghav Varma | 639 Paramus Rd | Paramus | NJ | 07652 | (201) 445-5330 |
| 447 | Randolph | Bijal Shah, Manish Shah, Rajiv Mehta | 2A Middlebury Blvd | Randolph | NJ | 07869 | (973) 531-7743 |
| 462 | Wayne | Ambar Patel, Dharati Patel, Dimple Patel, Jay K. Patel | 45 French Hill Road | Wayne | NJ | 07470 | (973) 988-3993 |
| 624 | West Orange | George Garas, Raghav Varma, Sandy Garas | 555 Northfield Ave | West Orange | NJ | 07052 | (973) 803-7788 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 742 | Las Vegas at Silverado Ranch | Chintan Parikh, Jaini Jariwala | 9975 Placid St | Las Vegas | NV | 89183 | (702) 736-4246 |
| 743 | Las Vegas at Lone Mountain | Chintan Parikh, Jaini Jariwala | 3801 N CAMPBELL RD | Las Vegas | NV | 89129 | (702) 233-2069 |
| 769 | North Las Vegas at Aliante | Alan Maria Jr., Kelly Maria, Robert Phillip Garcia, Roberto Garcia, Sandra Garcia | 6455 N Aliante Pkwy | North Las Vegas | NV | 89084 | (702) 867-8799 |
| 556 | South Reno | Alonzo Durham, Bethany Durham | 9410 Double Diamond Parkway | Reno | NV | 89521 | (775) 993-3377 |
| 787 | Melville | Mandeep Sobti, Surinder Kaur | 1860 Walt Whitman Road, #500 | Melville | NY | 11747 | (631) 393-9393 |
| 629 | Manhattan at East 82nd Street | Matthew Grossman, Wendy Jones | 350 E 82nd Street | New York | NY | 10028 | (212) 457-1778 |
| 456 | Woodbury NY | Rahul Alreja, Shveta Alreja | 90 Crossways Park Drive West | Woodbury | NY | 11797 | (516) 921-3300 |
| 388 | Avon | Divya Singh, Prabhjot Singh | 1115 Nagel Road | Avon | OH | 44011 | (440) 934-2567 |
| 390 | Beavercreek | Colleen Clemens, Laura Clemens, Nathan Clemens, Richard Clemens | 1380 N Fairfield Rd | Beavercreek | OH | 45432 | (937) 429-3800 |
| 500 | Broadview Heights | Christine Kepley, Joseph Kepley | 1200 W Royalton Rd | Broadview Heights | OH | 44147 | (440) 568-0660 |
| 413 | Canal Winchester | Ehab Eskander, Natosha T Eskander | 6375 Winchester Blvd | Canal Winchester | OH | 43110 | (614) 310-4950 |
| 44 | Centerville | Joseph Faragalli, Kristen Faragalli | 2550 East Alex Bell | Centerville | OH | 45459 | (937) 432-6000 |
| 23 | Symmes | Candice Peace, Ruthann Peace Brown | 9175 Governors Way | Cincinnati | OH | 45249 | (513) 697-6970 |
| 502 | P&G WH | Dona Young, Roland Young III | 6331 Center Hill Ave | Cincinnati | OH | 45224 | (513) 242-8888 |
| 503 | P&G GO | Dona Young, Roland Young III | 400 New St | Cincinnati | OH | 45202 | (513) 421-9300 |
| 361 | Reynoldsburg | Ehab Eskander, Natosha T Eskander | 60 North Brice Rd | Columbus | OH | 43213 | (614) 504-4363 |
| 383 | Upper Arlington | Deanna McGee, Jason McGee | 2941 Kenny Rd | Columbus | OH | 43221 | (614) 451-2000 |
| 421 | Columbus Downtown | Ehab Eskander, Natosha T Eskander | 101 E Town St | Columbus | OH | 43215 | (614) 429-1900 |
| 541 | Grandview | Ehab Eskander, Natosha T Eskander | 1313 Olentangy River Rd | Columbus | OH | 43212 | (614) 839-9300 |
| 739 | Copley Fairlawn | Divya Singh, Prabhjot Singh | 4131 Heritage Center Dr | Copley | OH | 44321 | (330) 960-2567 |
| 306 | Yankee | Joseph Faragalli, Kristen Faragalli | 10901 Yankee Rd | Dayton | OH | 45458 | (937) 885-6100 |
| 56 | Dublin | Carol Bahr, Michael Bahr | 6415 Post Rd | Dublin | OH | 43016 | (614) 408-3732 |
| 587 | Dublin Riverside | Ehab Eskander, Natosha T Eskander | 6445 Abbey Lane | Dublin | OH | 43017 | (614) 226-1751 |
| 217 | Johnstown Road | Ehab Eskander, Natosha T Eskander | 1101 E Johnstown Road | Gahanna | OH | 43230 | (614) 775-0899 |
| 627 | Galena | Ehab Eskander, Natosha T Eskander | 1811 S. Galena Rd. | Galena | OH | 43021 | (614) 832-6895 |
| 290 | Pinnacle | Ehab Eskander, Natosha T Eskander | 1239 Lamplighter Dr | Grove City | OH | 43123 | (614) 991-0176 |
| 316 | Hilliard at Mill Run | Ehab Eskander, Natosha T Eskander | 4230 Trueman Blvd | Hilliard | OH | 43026 | (614) 777-5535 |
| 335 | Hilliard West | Ehab Eskander, Natosha T Eskander | 4370 Creekbend Dr | Hilliard | OH | 43026 | (614) 527-6973 |
| 338 | Hudson | David Massary, Jana Massary | 1295 Corporate Dr | Hudson | OH | 44236 | (330) 653-3388 |

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|---|---|---|---|---|---|---|---|
| 475 | Marysville | Ehab Eskander, Natosha T Eskander | 1600 Cobblestone Way | Marysville | OH | 43040 | (937) 642-0262 |
| 17 | Mason | Candice Peace, David Brown, Ruthann Peace Brown | 5888 Snider Rd | Mason | OH | 45040 | (513) 336-6756 |
| 625 | Medina | Kanak Chatterjee, Neha Dayakar | 4030 Carrick Drive | Medina | OH | 44256 | (330) 365-2660 |
| 598 | North Ridgeville | Divya Singh, Prabhjot Singh | 32121 Cook Road | North Ridgeville | OH | 44039 | (440) 941-2567 |
| 443 | Perrysburg | Aaron Churchill, Sarah Churchill | 7123 Lighthouse Way | Perrysburg | OH | 43551 | (567) 331-8507 |
| 286 | Pickerington | Ehab Eskander, Natosha T Eskander | 131 Clint Drive | Pickerington | OH | 43147 | (614) 575-9930 |
| 630 | Dublin Jerome | Ehab Eskander, Natosha T Eskander | 11833 Ewing Rd. | Plain City | OH | 43064 | (740) 236-4400 |
| 114 | Lewis Center | David Giancola Jr., Katherine Giancola | 8273 Owenfield Dr | Powell | OH | 43065 | (740) 548-5808 |
| 200 | Golf Village | Ehab Eskander, Natosha T Eskander | 8771 Moreland St | Powell | OH | 43065 | (740) 881-5830 |
| 477 | Solon | David Massary, Jana Massary | 32995 Solon Road | Solon | OH | 44139 | (440) 914-4005 |
| 509 | South Lebanon | Candice Peace, Mark A. Norvell, Ruthann Peace Brown | 719 Corwin Nixon Blvd | South Lebanon | OH | 45065 | (513) 770-0048 |
| 577 | Strongsville | Kanak Chatterjee, Neha Dayakar | 18713 Pearl Road | Strongsville | OH | 44136 | (440) 253-9922 |
| 789 | Uniontown | Brooks Kerrick, Jacquelyn Kerrick | 1651 Boettler Rd | Uniontown | OH | 44685 | (330) 899-3420 |
| 181 | West Chester | Dona Young, Roland Young III | 8378 Princeton Glendale Road | West Chester | OH | 45069 | (513) 870-0630 |
| 307 | Polaris | Ehab Eskander, Natosha T Eskander | 561 Westar Blvd | Westerville | OH | 43082 | (614) 899-2588 |
| 464 | Westlake | Divya Singh, Prabhjot Singh | 25400 Center Ridge Rd | Westlake | OH | 44145 | (440) 834-2567 |
| 317 | Worthington | Dan Simonds, Tobie Simonds | 6902 North High St | Worthington | OH | 43085 | (614) 888-5800 |
| 610 | Broken Arrow | Gitika H. Patel, Manish R. Patel | 1701 W. Albany St. | Broken Arrow | OK | 74012 | (918) 355-6827 |
| 66 | Edmond | James Tanner, Jon Tanner, Sharon Tanner, Susan Tanner | 15000 N Western Ave | Edmond | OK | 73013 | (405) 285-6787 |
| 539 | East Edmond | Andrea Choate, Ashley Hughes, Colley Andrews, Kimberly Curran, Sarah Albahadily | 2500 East 2nd Street | Edmond | OK | 73034 | (405) 306-9559 |
| 551 | Norman | Collette O. Akhimiona, Nosakhare W. Akhimiona | 3220 Healthplex Dr. | Norman | OK | 73072 | (405) 801-3301 |
| 332 | Southwest Oklahoma City | Angela Martin, Helen Morris | 1520 SW 119th | Oklahoma City | OK | 73170 | (405) 793-6000 |
| 340 | NW Oklahoma City | Andrea Choate, Ashley Hughes, Colley Andrews, Sarah Albahadily | 6101 Nw 139th St | Oklahoma City | OK | 73142 | (405) 721-2200 |
| 702 | Midtown Oklahoma City | Collette O. Akhimiona, Nosakhare W. Akhimiona | 1013 NW 13th Street | Oklahoma City | OK | 73106 | (405) 237-3848 |
| 768 | West Hefner Pointe | Alicia Abla, Andreas Rydholm, Brandon Abla, Caroline A. Seymour, Jacob M. | 9700 W Hefner Road | Oklahoma City | OK | 73099 | (405) 792-2300 |

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|---|---|---|---|---|---|---|---|
| | | Waterman, Kimberly Waterman, Nicholas Seymour, Sarah Rydholm | | | | | |
| 460 | South Tulsa | Andrew Miller, Kelli Miller | 10185 S 85th E Ave | Tulsa | OK | 74133 | (918) 364-0021 |
| 748 | Midtown Tulsa | Andrew Miller, Kelli Miller | 2835 E. Skelly Dr., | Tulsa | OK | 74105 | (918) 900-9660 |
| 595 | Yukon | Alicia Abla, Brandon Abla, Jacob M. Waterman, Kimberly Waterman | 725 N Mustang Rd | Yukon | OK | 73099 | (405) 467-5100 |
| 437 | Silicon Forest | Neha Jalan, Piyoosh Jalan | 7296 NE Imbrie Drive | Hillsboro | OR | 97124 | (971) 206-6030 |
| 703 | Exton | Raghav Varma, Satya Varma | 363 West Lincoln Highway | Exton | PA | 19341 | (610) 968-1441 |
| 524 | Concordville | Alpesh Patel, Ghanshyambhai Patel, Raghav Varma | 20 Lacrue Ave | Glen Mills | PA | 19342 | (484) 841-6025 |
| 451 | Peters Township | Paul Sartori, Sara Sartori | 164 Waterdam Rd | Mcmurray | PA | 15317 | (724) 745-2000 |
| 431 | Center City Philadelphia | Allison P. Wilson-Maher, John Maher | 1635 Market St Suite 104 | Philadelphia | PA | 19103 | (215) 545-1920 |
| 816 | Oaks | Ankit Patel, Ketan Patel, Mayur K. Patel, Nissan Shah | 711 Hollow Rd | Phoenixville | PA | 19460 | (484) 924-8157 |
| 353 | Royersford | Amina Shah-Gunaratne, Asanga Gunaratne, Ashley H. Gray, Charles F. Gray II | 259 Royersford Rd | Royersford | PA | 19468 | (610) 792-3030 |
| 578 | Wexford | Elizabeth Meeder, Robert Meeder | 2598 Wexford Bayne Road | Sewickley | PA | 15143 | (412) 585-8307 |
| 395 | Fort Mill | Alok Patel, Falgunbhai Patel, Radhika Patel, Viral Patel | 1212 Gold Hill Rd | Fort Mill | SC | 29708 | (803) 548-0777 |
| 376 | Greenville | Lauren Briles, Sharon Killey | 404 Houston St. | Greenville | SC | 29601 | (864) 370-8118 |
| 517 | Midtown Greenville | Lauren Briles, Lyle Killey, Sharon Killey, Timothy Briles | 19 Villa Rd | Greenville | SC | 29615 | (864) 232-6101 |
| 613 | Pelham | Frederick Schroder III, Joseph Bryant Jr., Stacie Bryant, Stacy Schroder | 124 Milestone Way | Greenville | SC | 29615 | (864) 363-6711 |
| 438 | Mount Pleasant | Carmen Caldwell, Jeff Caldwell | 2674 Brickside Lane | Mount Pleasant | SC | 29466 | (843) 972-2604 |
| 392 | Simpsonville at Five Forks | Joe Bradberry, Meggie Bradberry | 2255 Woodruff Rd | Simpsonville | SC | 29681 | (864) 729-8811 |
| 293 | Brentwood | Amy James, Anthony Emmanuel, Susan Davis | 5320 Maryland Way | Brentwood | TN | 37027 | (615) 370-8305 |
| 62 | East Brainerd | Hershal Patel, Mitul Patel, Priyank Bachkaniwala, Riya Patel | 1619 Gunbarrel Rd | Chattanooga | TN | 37421 | (423) 499-5584 |
| 12 | Cool Springs | Cynthia Facemire, Rebecca Frizzell | 1010 Windcross Ct | Franklin | TN | 37067 | (615) 771-3001 |
| 623 | East Franklin | Cynthia Facemire, Rebecca Frizzell | 100 Creekstone Boulevard | Franklin | TN | 37064 | (615) 790-3331 |
| 757 | Gallatin | Lynn Johnson | 1760 Greenlea Boulevard | Gallatin | TN | 37066 | (615) 447-3515 |

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|---|---|---|---|---|---|---|---|
| 83 | Hendersonville | Lynn Johnson | 107 Springhouse Ct | Hendersonville | TN | 37075 | (615) 338-4361 |
| 92 | Hixson | Hershal Patel, Mitul Patel, Priyank Bachkaniwala, Riya Patel | 5170 Preschool Lane | Hixson | TN | 37343 | (423) 870-4840 |
| 318 | Farragut | Christopher Brinkmann, Courtney Brinkmann | 120 Coach Rd | Knoxville | TN | 37934 | (865) 966-7673 |
| 433 | West Knoxville | Christopher Brinkmann, Courtney Brinkmann | 267 S Peters Rd | Knoxville | TN | 37923 | (865) 288-7491 |
| 606 | Hardin Valley | Christopher Brinkmann, Courtney Brinkmann | 2326 Cherahala Boulevard | Knoxville | TN | 37932 | (865) 470-6760 |
| 384 | Mt. Juliet | Anil Patel, Krupa Patel, Mohit Patel, Prakash J. Patel | 111 Belinda Pkwy | Mt. Juliet | TN | 37122 | (615) 773-7070 |
| 315 | Murfreesboro | Grant Burrow, Susan Burrow | 554 Brandies Cir | Murfreesboro | TN | 37128 | (615) 848-5301 |
| 594 | North Murfreesboro | Julie Henry, Tim Henry | 2308 Wendelwood Dr. | Murfreesboro | TN | 37129 | (615) 848-8440 |
| 381 | Nashville Midtown | Amy James, Anthony Emmanuel, Donna Buchanan, Susan Davis | 1915 Charlotte Avenue | Nashville | TN | 37203 | (615) 750-5491 |
| 714 | Nashville 12 South | Amy James, Anthony Emmanuel, Susan Davis | 2400 10th Avenue South Nashville TN 37204 | Nashville | TN | 37204 | (615) 942-6974 |
| 612 | Nolensville | Corrie Byron, Sean Byron | 9917 Sam Donald Rd | Nolensville | TN | 37135 | (940) 600-7777 |
| 382 | Spring Hill | Julie Henry, Tim Henry | 3090 Campbell Station Pkwy | Spring Hill | TN | 37174 | (615) 302-8544 |
| 61 | East Allen | Arya Arbabi, Kelly Arbabi | 1604 East Exchange Pkwy | Allen | TX | 75002 | (214) 547-7267 |
| 178 | West Allen | Arya Arbabi, Shannan Arbabi | 106 Tatum Drive | Allen | TX | 75013 | (972) 359-8805 |
| 465 | Amarillo Southwest | Neeti (Nikki) Patel, Ravi D. Patel | 4535 Van Winkle Drive | Amarillo | TX | 79119 | (806) 418-2210 |
| 8 | NE Green Oaks | Lynne Groff | 1900 Ne Green Oaks Blvd | Arlington | TX | 76006 | (817) 543-2626 |
| 439 | Southwest Arlington | Jaime Hatch, Sherman Hatch | 4621 West Sublett Road | Arlington | TX | 76017 | (817) 478-6160 |
| 75 | Four Points | Anna Thompson, Carmon Cheng, Peter Hsu, Theo Thompson III | 6606 Sitio Del Rio Blvd | Austin | TX | 78730 | (512) 795-9101 |
| 147 | Shady Hollow | Anna Thompson, Keith Hegner, Lisa Hegner, Theo Thompson III | 12341 Brodie Ln | Austin | TX | 78748 | (512) 282-2341 |
| 301 | Southwest Austin | Christopher Rolfsen, Shannan Rolfsen | 4920 Davis Lane | Austin | TX | 78749 | (512) 292-7792 |
| 479 | West Lake Hills | Christy Black, Jared Black, Robert Gandy IV | 3423 Bee Cave Rd Suite A | Austin | TX | 78746 | (512) 689-8839 |
| 558 | Austin at Mueller | Christy Black, Jared Black, Robert Gandy IV | 2200 Aldrich Street Suite 130 | Austin | TX | 78723 | (512) 668-1010 |
| 32 | Bedford | Erin Allen, Mark Worsham | 3916 Central Dr | Bedford | TX | 76021 | (817) 545-5485 |
| 33 | Bee Cave | Christy Black, Jared Black, Robert Gandy IV | 3801 Juniper Trace | Bee Cave | TX | 78738 | (512) 263-0388 |
| 11 | Castle Hills | Priscilla Chow, Thomas Chow | 1824 King Arthur Blvd | Carrollton | TX | 75010 | (972) 899-2273 |

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|---|---|---|---|---|---|---|---|
| 25 | West Carrollton | Micky Mirchandani, Sunita Mirchandani | 4028 Nazarene Dr | Carrollton | TX | 75010 | (972) 939-4475 |
| 174 | Vista Ridge | Kevin Bhakta, Reena Bhakta | 910 North Vista Ridge Blvd | Cedar Park | TX | 78613 | (512) 260-0708 |
| 224 | Cedar Park West | Jay Fischer, Robin Fischer | 2021 Little Elm Trl | Cedar Park | TX | 78613 | (512) 250-2400 |
| 357 | College Station | Darci Merrill, Ronald E. Merrill | 1021 Arrington Rd | College Station | TX | 77845 | (979) 485-9876 |
| 347 | Conroe | Jennifer Millington, Richard Millington | 1011 Longmire | Conroe | TX | 77304 | (936) 756-8100 |
| 13 | Coppell | Leslie Graves, Paul Graves | 275 East Parkway Blvd. | Coppell | TX | 75019 | (972) 304-8888 |
| 30 | Barker-Cypress | James Tanner, Susan Tanner | 16555 Dundee Road | Cypress | TX | 77429 | (281) 225-0123 |
| 492 | Bridgeland | James Tanner, Susan Tanner | 18717 Bridgeland Creek Parkway | Cypress | TX | 77433 | (346) 332-0123 |
| 35 | Bent Trail | Joyce Konrad, Michael Konrad | 18601 Preston Rd | Dallas | TX | 75252 | (972) 380-1275 |
| 329 | Prestonwood | Maya Rigley, Meira Rigley, Noel Rigley | 15237 Montfort Dr | Dallas | TX | 75248 | (469) 791-9131 |
| 514 | Park Cities | Noel Rigley | 4011 Inwood Rd | Dallas | TX | 75209 | (972) 685-2100 |
| 523 | White Rock | Brittney Miciotto, David Shelton, Julia Shelton | 718 North Buckner Blvd #200 | Dallas | TX | 75218 | (214) 321-7797 |
| 569 | Klyde Warren Park | Noel Rigley | 1909 Woodall Rodgers Fwy Suite 100 | Dallas | TX | 75201 | (469) 399-0321 |
| 687 | Dallas at Kessler Park | Maya Rigley, Meira Rigley, Noel Rigley | 330 S RL Thornton Freeway Service Road | Dallas | TX | 75203 | (469) 779-7021 |
| 428 | Dripping Springs | Christopher Rolfsen, Jerome Gillies | 13832 Sawyer Ranch Rd | Dripping Springs | TX | 78620 | (512) 751-1500 |
| 123 | NE Flower Mound | Sheldon Connell, Shelley Connell | 3939 Morriss Rd | Flower Mound | TX | 75028 | (972) 691-3815 |
| 177 | Wellington | Joyce Konrad, Michael Konrad | 3708 Flower Mound Rd | Flower Mound | TX | 75022 | (972) 691-9595 |
| 531 | Forney at Gateway | Marvin Bramlett, Sabina Bramlett | 1451 Whaley Drive | Forney | TX | 75126 | (972) 552-5851 |
| 50 | Columbus Trail | Kristy Smith, William Smith Jr. | 5330 Columbus Trl | Fort Worth | TX | 76123 | (817) 423-4000 |
| 59 | Eagle Ranch | Jessica Fielder, Karen Lund | 3125 Eagle Ranch Blvd | Fort Worth | TX | 76179 | (817) 236-6760 |
| 133 | Parkwood Hill | Harshad Lalloobhai, Mehul Lalloobhai, Priya N. Lalloobhai | 7451 Parkwood Hill Blvd | Fort Worth | TX | 76137 | (817) 281-5322 |
| 448 | Fort Worth West | Christi Brownlow, Glenn Hadsall | 3777 Westridge Ave | Fort Worth | TX | 76116 | (817) 223-3451 |
| 518 | NW Fort Worth | Jessica Fielder, Karen Lund | 9840 Blue Mound Rd. | Fort Worth | TX | 76131 | (817) 232-9900 |
| 526 | Fort Worth at Mira Vista | Kristy Smith, William Smith Jr. | 6410 Bryant Irvin Rd | Fort Worth | TX | 76132 | (817) 880-9499 |
| 527 | Alliance | Jessica Fielder, Karen Lund | 10901 Founders Way | Fort Worth | TX | 76177 | (817) 489-9990 |
| 705 | Walsh | Kristy Smith, William Smith Jr. | 13829 Walsh Ave | Fort Worth | TX | 76008 | (817) 775-6877 |
| 76 | Friendswood | Gene Arthur, Linda Arthur | 1409 S Friendswood Dr | Friendswood | TX | 77546 | (281) 648-7773 |
| 80 | Griffin Parc | Dedee Gebhardt, Kevin Gebhardt | 4625 Eldorado Pkwy | Frisco | TX | 75034 | (214) 618-2700 |
| 106 | Lakehill | Christine Edwards, Michael Edwards | 5349 Lakehill Blvd | Frisco | TX | 75034 | (972) 668-4300 |
| 138 | Prestmont | Dedee Gebhardt, Kevin Gebhardt | 4115 Ohio Dr | Frisco | TX | 75035 | (972) 712-7746 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 358 | Frisco West | Maya Rigley, Meira Rigley, Noel Rigley | 333 W Lebanon | Frisco | TX | 75034 | (214) 469-1381 |
| 393 | Frisco at Independence | Joyce Konrad, Michael Konrad | 14477 Lebanon Rd | Frisco | TX | 75035 | (972) 987-5213 |
| 409 | Frisco at Main and Teel | Dedee Gebhardt, Kevin Gebhardt | 9166 Teel Pkwy | Frisco | TX | 75034 | (469) 362-8770 |
| 190 | Firewheel | Harshad Lalloobhai, Mehul Lalloobhai, Priya N. Lalloobhai | 5074 George Bush Hwy | Garland | TX | 75040 | (972) 496-0011 |
| 348 | Georgetown | Robert Folts, Tina Folts | 2205 Wolf Ranch Pkwy | Georgetown | TX | 78628 | (512) 868-4000 |
| 504 | Rancho Sienna | Heather Elliott, Steven Elliott | 705 Via De Sienna Blvd | Georgetown | TX | 78628 | (512) 843-4545 |
| 218 | Grand Peninsula | Jaime Hatch, Sherman Hatch | 2430 N Grand Peninsula Drive | Grand Prairie | TX | 75054 | (817) 477-0077 |
| 81 | Grapevine-Colleyville | Josh Briggle, Rosemary Briggle | 2300 Hall-Johnson Rd | Grapevine | TX | 76051 | (817) 416-0404 |
| 87 | Hickory Creek | Melissa Hoisington (fka Horton) | 1011 Ronald Reagan Ave | Hickory Creek | TX | 75065 | (940) 270-0444 |
| 89 | Highland Village | Rony Ghattas, Wendy Ghattas | 2100 Highland Village Rd | Highland Village | TX | 75077 | (972) 317-9332 |
| 51 | Copperfield | Anne Evers, Matthew Evers | 15550 Ridge Park Dr | Houston | TX | 77095 | (281) 858-5600 |
| 53 | Crossroads Park | Anne Evers, Matthew Evers | 9701 Wortham Blvd | Houston | TX | 77065 | (281) 469-3500 |
| 68 | Eldridge Parkway | Lou Ann McLaughlin, Michael McLaughlin | 2150 Eldridge Pkwy | Houston | TX | 77077 | (281) 589-1500 |
| 162 | Summerwood | Brandi Muse, Lawrence R. Muse III | 14002 W Lake Houston Pkwy | Houston | TX | 77044 | (281) 454-6000 |
| 342 | The Galleria | Ashraf Nemri, Nebal Nemry | 5015 Westheimer Rd, Suite A423 | Houston | TX | 77056 | (713) 559-8668 |
| 350 | Clear Lake | Christopher Michael Hoang, Mary Phuong Nguyen | 2411 Falcon Pass Dr | Houston | TX | 77062 | (281) 218-8282 |
| 368 | The Westchase District | Anne Emery, Henry Emery, Lou Ann McLaughlin, Michael McLaughlin | 3191 Briarpark Dr | Houston | TX | 77042 | (713) 783-9800 |
| 403 | Upper Kirby | Estela Papadopulos, Sotirios Papadopulos | 3001 Richmond Ave | Houston | TX | 77098 | (713) 522-6700 |
| 418 | Lakeshore | Brandi Muse, Lawrence R. Muse III | 16460 W Lake Houston Pkwy | Houston | TX | 77044 | (281) 454-5000 |
| 533 | Garden Oaks | Brandi Muse, Lawrence R. Muse III | 919 Judiway Street | Houston | TX | 77018 | (713) 290-0955 |
| 540 | Greenway Plaza | Estefania Teixeira, Estela Papadopulos, Sotirios Papadopulos | 3 Greenway Plaza Suite 100 | Houston | TX | 77046 | (713) 888-0848 |
| 69 | Fall Creek | Andrea Schoel, John Schoel | 14950 Mesa Dr | Humble | TX | 77396 | (281) 459-2023 |
| 352 | Eagle Springs | Charles Morgan, Kelly Simonton, Paula Morgan | 17979 Eagle Springs Pky | Humble | TX | 77346 | (281) 852-8000 |
| 582 | Balmoral | Anne Evers, Matthew Evers | 11833 Thorncastle Drive | Humble | TX | 77396 | (832) 868-8988 |
| 167 | The Mid-Cities | Stephanie Barfknecht, Terry Taylor | 500 Mid-Cities Blvd | Hurst | TX | 76054 | (817) 485-8993 |
| 109 | Las Colinas | Erin Stewart, Marla Jenkins | 700 Fluor Dr | Irving | TX | 75039 | (972) 831-1000 |
| 173 | Valley Ranch | Brian Kelly Davis, Martha Davis | 577 Cimarron Trail | Irving | TX | 75063 | (972) 444-9500 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 16 | Kelliwood | Lou Ann McLaughlin, Michael McLaughlin | 2402 Westgreen Blvd | Katy | TX | 77450 | (281) 828-1600 |
| 48 | Cinco Ranch | Lou Ann McLaughlin, Michael McLaughlin | 1540 Peek Rd | Katy | TX | 77450 | (281) 693-7711 |
| 126 | North Mason Creek | Lou Ann McLaughlin, Michael McLaughlin | 21480 Park Row Blvd | Katy | TX | 77449 | (281) 492-7400 |
| 333 | West Cinco Ranch | Lou Ann McLaughlin, Michael McLaughlin | 26900 Cinco Ranch Blvd | Katy | TX | 77494 | (281) 347-1212 |
| 398 | Woodcreek Reserve | Lou Ann McLaughlin, Michael McLaughlin | 1249 Fm 1463 | Katy | TX | 77494 | (281) 371-0099 |
| 85 | Heritage | Jessica Fielder, Karen Lund | 4700 Heritage Trace Pkwy | Keller | TX | 76244 | (817) 741-5044 |
| 99 | Keller | Stephanie Barfknecht, Terry Taylor | 905 Bear Creek Pkwy | Keller | TX | 76248 | (817) 337-0717 |
| 103 | Atascocita | Anne Evers, Matthew Evers | 20027 West Lake Houston Pkwy | Kingwood | TX | 77346 | (281) 812-6361 |
| 272 | Kingwood | Katherine Johnson | 2311 Green Oak Dr | Kingwood | TX | 77339 | (281) 358-0203 |
| 446 | Kingwood at Oakhurst | Andrea Schoel, John Schoel | 19514 Northpark Dr | Kingwood | TX | 77339 | (281) 312-1150 |
| 480 | Lakeway | Christy Black, Jared Black, Jordan Owens, Robert Gandy IV | 601 Ranch Road 620 S | Lakeway | TX | 78734 | (512) 960-5245 |
| 399 | Lantana | Erin Lundie, Francis Lundie, Robin McCormick, The Estate of Timothy McCormick | 7020 Justin Rd | Lantana | TX | 76226 | (940) 455-2550 |
| 151 | League City at South Shore | Elaine Medina, Rummel Medina | 3025 South Shore Blvd | League City | TX | 77573 | (281) 334-5490 |
| 336 | League City at Victory Lakes | Gene Arthur, Linda Arthur | 2632 West Walker Street | League City | TX | 77573 | (281) 337-0450 |
| 396 | Crystal Falls | Jay Fischer, Robin Fischer | 1781 Osage Dr | Leander | TX | 78641 | (512) 259-6900 |
| 125 | North Lewisville | Brian Bacon, Jamie Bacon | 1480 N Valley Pkwy | Lewisville | TX | 75077 | (972) 434-4001 |
| 129 | Old Orchard | Sheldon Connell, Shelley Connell | 1253 West Round Grove Rd | Lewisville | TX | 75067 | (972) 315-9495 |
| 585 | Lubbock South | Jaye Lynn Andrus | 10930 York Avenue | Lubbock | TX | 79424 | (806) 993-5025 |
| 176 | Walnut Creek | Nadine Franklin, Steven Franklin | 2201 Matlock Road | Mansfield | TX | 76063 | (817) 477-0880 |
| 67 | Eldorado | Joyce Konrad, Michael Konrad | 3999 Eldorado Pkwy | Mckinney | TX | 75070 | (972) 529-2091 |
| 158 | Stone Brooke | Leslie Graves, Paul Graves | 5651 West Virginia Pkwy | Mckinney | TX | 75071 | (972) 529-6863 |
| 559 | Midland at Westridge | Lou Ann McLaughlin, Michael McLaughlin | 6100 Deauville Blvd. | Midland | TX | 79706 | (432) 520-1000 |
| 148 | Sienna | Ann Wade, Elaine Medina, Rummel Medina | 4400 Sienna Pkwy | Missouri City | TX | 77459 | (281) 431-8687 |
| 135 | Pearland Parkway | Estela Papadopulos, Sotirios Papadopulos | 2240 Pearland Pkwy | Pearland | TX | 77581 | (281) 997-8855 |
| 136 | Pearland | Estela Papadopulos, Sotirios Papadopulos | 2350 County Road 94 | Pearland | TX | 77584 | (713) 436-4120 |
| 300 | West Pearland | Estela Papadopulos, Sotirios Papadopulos | 1751 Kirby Dr | Pearland | TX | 77584 | (713) 436-0404 |
| 417 | Pflugerville at Falcon Pointe | Anna Thompson, Kimberly Graham, Theo Thompson III | 17721 Colorado Sand Drive | Pflugerville | TX | 78660 | (512) 573-7636 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 46 | Plano at Chase Oaks | Arshad Nizam, Arshia Nizam | 6525 Chase Oaks Blvd | Plano | TX | 75023 | (972) 517-1173 |
| 74 | Plano at Deerfield | Arya Arbabi, Kelly Arbabi | 4100 Hedgcoxe Rd | Plano | TX | 75024 | (972) 208-1754 |
| 127 | Plano at Preston Meadow | Noel Rigley | 5801 Coit Rd | Plano | TX | 75093 | (972) 964-6826 |
| 313 | West Plano | Brian Kelly Davis, Martha Davis | 6480 West Plano Pkwy | Plano | TX | 75093 | (972) 403-3444 |
| 378 | South Plano | Najiyyah Crayton | 1740 Custer Rd | Plano | TX | 75075 | (972) 423-6999 |
| 466 | Plano at Headquarters | Joyce Konrad, Michael Konrad | 6788 Headquarters Dr | Plano | TX | 75024 | (972) 682-3315 |
| 314 | Prosper | Benita Casey, Michael Casey | 1185 La Cima Blvd | Prosper | TX | 75078 | (972) 347-2767 |
| 440 | Windsong Ranch | Benita Casey, Michael Casey | 1050 Gee Rd | Prosper | TX | 75078 | (972) 787-9971 |
| 9 | Breckinridge Park | Joyce Konrad, Michael Konrad | 4301 East Renner Rd | Richardson | TX | 75082 | (972) 671-5437 |
| 397 | Richardson | Syed Ali, Zehra Chawla | 1100 Jonsson Blvd | Richardson | TX | 75080 | (972) 479-9888 |
| 489 | North Richardson at Lookout | Joyce Konrad, Kristen Roberts, Michael Konrad | 2425 N. Plano Road | Richardson | TX | 75082 | (469) 514-2670 |
| 258 | Waterside Estates | Jason Hammons, Kelly Hammons | 1810 Lewisville Dr | Richmond | TX | 77406 | (281) 342-2900 |
| 20 | Rockwall | Arshad Nizam, Arshia Nizam | 3115 Ridge Rd | Rockwall | TX | 75032 | (972) 772-0180 |
| 591 | North Rockwall | Arshad Nizam, Arshia Nizam, Lubna Nizam | 3068 N. Goliad Street | Rockwall | TX | 75087 | (469) 543-9570 |
| 143 | Round Rock at Forest Creek | Kevin Bhakta, Reena Bhakta | 3313 Forest Creek Dr | Round Rock | TX | 78664 | (512) 828-5777 |
| 144 | Round Rock | Christopher Rolfsen, Jerome Gillies | 15925 Great Oaks Dr | Round Rock | TX | 78681 | (512) 733-2020 |
| 362 | Round Rock North | Kevin Bhakta, Reena Bhakta | 4271 Sunrise Rd | Round Rock | TX | 78665 | (512) 310-8033 |
| 21 | Rowlett | Alicia Carlson, Marilyn Aragon | 8401 Liberty Grove Rd | Rowlett | TX | 75089 | (972) 463-2655 |
| 94 | Huebner Village | John P. Guerrero, Laura Guerrero | 2410 Huebner Park | San Antonio | TX | 78248 | (210) 479-9200 |
| 150 | Sonoma Ranch | Monica Snow, Terry Snow | 14875 Kyle Seale Pkwy | San Antonio | TX | 78255 | (210) 372-1488 |
| 160 | Stone Oak | Amin Mohamed, Nisha Mohamed | 689 Knights Cross Dr | San Antonio | TX | 78258 | (210) 481-1913 |
| 326 | Cibolo Canyons | Colleen Hord, Ryan Hord | 3330 Tpc Parkway | San Antonio | TX | 78261 | (210) 479-7099 |
| 406 | Bulverde Road | Lawrence O'Connor, Natalie O'Connor | 18207 Bulverde Road | San Antonio | TX | 78259 | (210) 494-9900 |
| 429 | Alamo Ranch | John P. Guerrero, Laura Guerrero | 11161 Westwood Loop | San Antonio | TX | 78253 | (210) 394-6900 |
| 427 | Schertz | Lawrence O'Connor, Natalie O'Connor | 4993 Schertz Parkway | Schertz | TX | 78154 | (210) 228-0608 |
| 88 | Hidden Lakes | Josh Briggle, Rosemary Briggle | 1100 Davis Blvd | Southlake | TX | 76092 | (817) 337-4197 |
| 152 | Southlake | Josh Briggle, Rosemary Briggle | 155 South Kimball Ave | Southlake | TX | 76092 | (817) 421-8087 |
| 45 | Champions | Kevin Bhakta, Nancy Bhakta, Reena Bhakta, Snehal Bhakta | 16811 Shadow Valley Dr | Spring | TX | 77379 | (281) 655-7444 |
| 95 | Imperial Oaks | Arlena A. McLaughlin, Donald B. McLaughlin | 2114 Rayford Rd | Spring | TX | 77386 | (281) 364-7400 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 154 | Spring-Klein | Arlena A. McLaughlin, Donald B. McLaughlin | 22003 Bridgestone Ln | Spring | TX | 77388 | (281) 350-9595 |
| 391 | Harmony | Arlena A. McLaughlin, Donald B. McLaughlin | 3559 Discovery Creek Blvd. | Spring | TX | 77386 | (281) 907-6900 |
| 70 | First Colony | Estefania Teixeira, Estela Papadopulos, Sotirios Papadopulos | 4605 Austin Pkwy | Sugar Land | TX | 77479 | (281) 565-2707 |
| 79 | Greatwood | Anne Evers, Matthew Evers | 6550 Greatwood Pkway | Sugar Land | TX | 77479 | (281) 343-8889 |
| 161 | Sugar Land | Anne Evers, Matthew Evers | 1315 Soldiers Field Dr | Sugar Land | TX | 77479 | (281) 277-8585 |
| 560 | Temple | Mary Jo McLaughlin, Maya Rigley, Meira Rigley, Noel Rigley | 6708 W. Adams Avenue | Temple | TX | 76502 | (254) 410-7171 |
| 168 | The Woodlands at College Park | Arlena A. McLaughlin, Donald B. McLaughlin | 6403 College Park Dr | The Woodlands | TX | 77384 | (936) 321-5900 |
| 169 | The Woodlands at Sterling Ridge | Arlena A. McLaughlin, Donald B. McLaughlin | 6909 Lake Woodlands Dr | The Woodlands | TX | 77382 | (281) 681-3500 |
| 355 | The Woodlands at Creekside Park | Arlena A. McLaughlin, Donald B. McLaughlin | 26025 Strake Dr | The Woodlands | TX | 77389 | (281) 351-7300 |
| 561 | The Woodlands at Hughes Landing | Arlena A. McLaughlin, Donald B. McLaughlin | 1720 Hughes Landing Blvd | The Woodlands | TX | 77380 | (281) 292-7400 |
| 309 | Spring Cypress | Darci Merrill, Ronald E. Merrill | 11616 Spring Cypress Rd | Tomball | TX | 77377 | (281) 251-6300 |
| 762 | Tomball | Kevin Bhakta, Nancy Bhakta, Reena Bhakta, Snehal Bhakta | 10875 Boudreaux Rd | Tomball | TX | 77375 | (281) 768-7444 |
| 430 | Westlake at Entrada | Kevin Mccombs, Mandi McCombs | 26 Arta Dr | Westlake | TX | 76262 | (817) 773-8811 |
| 538 | Waco at Woodway | Mary Jo McLaughlin, Maya Rigley, Meira Rigley, Noel Rigley | 118 Burnett Court | Woodway | TX | 76712 | (254) 741-1541 |
| 511 | Wylie | Anita Madhav, Deepak Madhav | 1615 W Brown St | Wylie | TX | 75098 | (469) 910-8617 |
| 452 | Aldie | Amanda McDaniel, Eric McDaniel | 25300 Kinsale Place | Aldie | VA | 20105 | (703) 348-5615 |
| 602 | Arlington | Saniya Dhala, Zahra Isani | 2107 Wilson Boulevard | Arlington | VA | 22201 | (703) 565-9800 |
| 323 | Ashburn | Adela Taboada, Victor Taboada | 44830 Lakeview Overlook Plaza | Ashburn | VA | 20147 | (703) 724-9050 |
| 325 | Moorefield Station | Kimberley Hummer, Walter Hummer | 43345 Bissel Terrace | Ashburn | VA | 20148 | (703) 726-9306 |
| 410 | Ashburn at Broadlands | Adela Taboada, Victor Taboada | 21367 Shale Ridge Ct | Ashburn | VA | 20147 | (703) 724-4200 |
| 27 | Atlee Commons | Amit Thakor, Bhavnita Thakor | 9650 Atlee Commons Drive | Ashland | VA | 23005 | (804) 550-3400 |
| 385 | Bristow | Tom Cheng, Vikki Cheng | 9101 Balaton Lake Ln | Bristow | VA | 20136 | (703) 479-7918 |
| 351 | South Riding | Amanda McDaniel, Eric McDaniel | 43705 Eastgate View Dr | Chantilly | VA | 20152 | (703) 327-2400 |
| 369 | Chantilly | Hemaben Patel, Mayurkumar Patel, Pritybala Valbh | 3460 Historic Sully Way | Chantilly | VA | 20151 | (703) 437-1600 |

| ID | SCHOOL NAME | OWNERS | ADDRESS | CITY | ST | ZIP | TELEPHONE |
|---|---|---|---|---|---|---|---|
| 280 | Cahoon Commons | Claudia Macon, Tonya Gill | 660 Grassfield Parkway | Chesapeake | VA | 23322 | (757) 842-6589 |
| 512 | Edinburgh Commons | Claudia Macon, Tonya Gill | 213 Carmichael Way | Chesapeake | VA | 23322 | (757) 410-8622 |
| 212 | Ironbridge Corner | Alexa Patel, Dylan Patel, Rita N. Patel | 11351 Iron Creek Rd | Chester | VA | 23831 | (804) 751-0233 |
| 172 | Twin Hickory | Amit Thakor, Bhavnita Thakor | 4801 Twin Hickory Lake Dr | Glen Allen | VA | 23059 | (804) 364-6540 |
| 476 | Haymarket | Georgia Wiley | 6540 Trading Square | Haymarket | VA | 20169 | (703) 754-2800 |
| 187 | Westerre Commons | Angela Richter, Bobby Moore, Heather Moore, Stefan Richter | 3855 Westerre Parkway | Henrico | VA | 23233 | (804) 290-7969 |
| 470 | Leesburg at Potomac Station | Denise Hall, Glasford Hall Jr. | 101 Pipestone Plaza NE | Leesburg | VA | 20176 | (703) 537-6596 |
| 122 | Midlothian Village | Benita W. Petrella, Marcus A. Petrella | 13801 Village Place Dr | Midlothian | VA | 23114 | (804) 378-8773 |
| 166 | Swift Creek | Alexa Patel, Dylan Patel, Rita N. Patel | 4750 Brad Mcneer Pkwy | Midlothian | VA | 23112 | (804) 744-0787 |
| 299 | Midlothian at Waterford | Alexa Patel, Dylan Patel, Rita N. Patel | 13300 Tredegar Lake Pkwy | Midlothian | VA | 23114 | (804) 639-1011 |
| 542 | Reston | Sima Patel, Sunny Patel | 1309 North Village Rd | Reston | VA | 20194 | (571) 308-6577 |
| 349 | Virginia Beach South | Henrika Strijker, Robert Siemers | 1989 Fisher Arch | Virginia Beach | VA | 23456 | (757) 721-2200 |
| 490 | West Bellevue | Dianne Peterson, Jon Erik Peterson, Roger Peterson, Shannon Peterson | 1150 114th Ave SE | Bellevue | WA | 98004 | (425) 315-7305 |
| 632 | Bothell | Mohit Patel, Pankil B. Patel, Prakash J. Patel | 17511 Bothell Way NE | Bothell | WA | 98011 | (425) 368-5777 |
| 425 | Mill Creek | Edward T. Hamilton, Larisa Hamilton | 13305 44th Ave SE | Mill Creek | WA | 98012 | (425) 225-6944 |
| 649 | Brookfield | Shuchi Wadhwa, Vikram Choudhary | 18430 W. Capitol Drive | Brookfield | WI | 53045 | (262) 281-9889 |
| 422 | Middleton | Amanda Kienbaum, Barbara Kienbaum, Mark Kienbaum, William Kienbaum | 3000 Deming Way | Middleton | WI | 53562 | (608) 841-1684 |

**B. The following franchisees had signed Franchise Agreements, but had not opened the related Facilities as of December 31, 2024:**

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 925 | Barry Vines Jr., Stacy Vines | Auburn | Alabama | (310) 200-7303 |
| 877 | Matthew Ailey | Buckeye | Arizona | (423) 736-0909 |
| 642 | Anita Patel, Mayurkumar Patel, Pankaj T. Patel, Pramodkumar Patel, Rita K. Patel | Ocotillo | Arizona | (951) 371-7491 |
| 810 | Matthew Ailey | Queen Creek | Arizona | (423) 736-0909 |
| 821 | Matthew Ailey | Surprise | Arizona | (423) 736-0909 |
| 864 | Carlie Hills, Christopher Hills, Kathryn McEuen, Kyle McEuen | Windsong | Arizona | (480) 758-2730 |
| 656 | Brandon Campbell, Eduardo Galindo Alvarez, Erin Campbell, Maria Fernanda DeLarranaga Roch | Bentonville | Arkansas | (479) 876-8176 |
| 657 | Eduardo Galindo Alvarez, Maria Fernanda DeLarranaga Roch | Fayetteville | Arkansas | (479) 876-8176 |
| 878 | Sivaroop Peesapati, Suchithra Devulapalli | Brentwood | California | (607) 216-8080 |
| 802 | Anil Patel, Bejal Patel, Mohit Patel, Pankil B. Patel, Prakash J. Patel | Campbell | California | (240) 447-1373 |
| 772 | Hina Patel, Mitesh Patel | Concord | California | (650) 762-4496 |
| 498 | Aarif Kurji, Samina Kurji | Dublin | California | (214) 566-8561 |
| 801 | Vipesh Waland | Folsom | California | (209) 704-3752 |
| 919 | Aarif Kurji, Karim Ramzanali, Samina Kurji, Samira Ramzanali | Lafayette | California | (925) 895-6337 |
| 754 | Anil Patel, Bejal Patel, Mohit Patel, Pankil B. Patel, Prakash J. Patel | Los Gatos | California | (202) 409-6775 |
| 712 | Amar Chokhawala, Simaben Shah | Milpitas | California | (408) 836-1606 |
| 784 | Madhuri Ganta, Srikumar Iyengar | Morgan Hill | California | (408) 580-4483 |
| 825 | Reena Dayal | Poway | California | (650) 219-1060 |
| 850 | Aarif Kurji, Shafiq Thobani | Redwood City | California | (972) 904-5448 |
| 781 | Amar Chokhawala, Monica Villalobos, Simaben Shah | Robertsville | California | (408) 836-1606 |
| 824 | Nathan Sahar | Roseville | California | (415) 747-9630 |
| 939 | Madhuri Ganta, Srikumar Iyengar | San Jose | California | (408) 835-3238 |
| 672 | Aarif Kurji | San Mateo | California | (214) 228-8255 |
| 673 | Aarif Kurji, Shafiq Thobani | San Mateo | California | (972) 904-5448 |
| 611 | Neha Jalan, Piyoosh Jalan | San Ramon | California | (408) 813-7723 |
| 715 | Amar Chokhawala, Simaben Shah | Santa Clara | California | (408) 836-1606 |
| 746 | Neha Jalan, Piyoosh Jalan | South Fremont | California | (408) 813-7723 |
| 684 | Anil Patel, Bejal Patel, Lipi Patel, Medha Patel, Mohit Patel, Pankil B. Patel, Prakash J. Patel, Sapna Patel | Sunnyvale | California | (731) 293-5472 |
| 755 | Gitanjali Akam, Surendra Akam | Tracy | California | (425) 749-0288 |
| 599 | Aarif Kurji, Samina Kurji | Walnut Creek | California | (214) 566-8561 |
| 881 | Babur Siddique, Fiza Durrani | Brighton | Colorado | (720) 888-2386 |
| 844 | Sabya Sinha, Shraboni Sinha | Castle Pines | Colorado | (732) 331-8542 |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 921 | Jenny Guo, Jeremiah King | Cherry Creek | Colorado | (720) 341-2779 |
| 554 | Michele Massey Alexander, Timothy Alexander | Denver | Colorado | (303) 875-4774 |
| 923 | Dalton Hayes, Rachel Reinhardt, Robyn Hayes | Falcon | Colorado | (719) 442-1992 |
| 924 | Abigail Day, Charles Matthew Day | Gleneagle | Colorado | (850) 449-4100 |
| 938 | Prabhakaran Ramadoss, Preethi Pullani Parambil Mohandas | Green Valley Ranch | Colorado | (720) 624-9613 |
| 593 | Christopher Lang, Kent Cookson, Rebecca Cookson, Shannan Meyer | North Erie | Colorado | (303) 478-5100 |
| 722 | Bryce Durke, Emily Durke, Larry Durke | Wheat Ridge | Colorado | (505) 319-1215 |
| 731 | Anupam Mitter-Nagpal, Meera Parikh, Sushant Nagpal, Vishal Mehta | Greenwich | Connecticut | (914) 874-3710 |
| 732 | Janki Patel, Pratik Patel, Sapna Patil, Vrajesh Patel | W Wilmington | Delaware | (757) 395-9274 |
| 874 | Matthew Ailey | Connected Cities | Florida | (423) 736-0909 |
| 819 | Maxire Brito de Rodriguez, Reyna Suero | Connerton | Florida | (813) 502-9050 |
| 654 | Michael Welsh, Stephanie Ducheine-Welsh, Valencia Ducheine | Davie | Florida | (352) 898-9260 |
| 936 | Andrew Vickers, Courtney Guevara, Eduardo D. Guevara, Eduardo J. Guevara, Marilyn Vickers, Marta Guevara | East Bay Meadows | Florida | (904) 406-5561 |
| 812 | Christopher Boesch, Sabrina Boesch | Lake Mary | Florida | (407) 960-5078 |
| 940 | Aditya Sistla, Murali Krishna Reddy, Ravi Sistla, Samyuktha Dornala Satyanarayana | Parrish | Florida | (908) 420-8550 |
| 667 | Lakshmi Kapadia, Poorab Kapadia | Pembroke Pines | Florida | (954) 854-6518 |
| 669 | Ketan Patel, Sanjay Patel, Smruti Patel | Seven Springs | Florida | (727) 710-1204 |
| 528 | Carmela Parrott, Nathan Parrott | UCF Orlando | Florida | (407) 366-9644 |
| 751 | Matthew Ailey | Venice | Florida | (423) 736-0909 |
| 773 | Homeshchand Permashwar, Joseph Janeczek Jr., Tiffany Canterbury | Viera | Florida | (732) 809-3176 |
| 719 | Deepti Ramakrishna, Dhruv Bhatt, Hrushikaran Davda, Ushma Trivedi | W Lake Worth | Florida | (732) 325-5169 |
| 615 | Matthew McCallister | Wesley Chapel | Florida | (407) 766-8937 |
| 730 | Matthew Ailey | Westlake | Florida | (423) 736-0909 |
| 604 | Manojkumar Naik, Seema Naik | Winter Garden, | Florida | (407) 313-3178 |
| 640 | Carlos Stoltz, Keri Stoltz | Atlanta | Georgia | (404) 414-9100 |
| 823 | Myehla Reneau | Atlanta | Georgia | (404) 395-3679 |
| 692 | Laura Stechmesser, Paul Stechmesser | Decatur | Georgia | (678) 910-0860 |
| 922 | Collin Bentley, Matthew Gregory | Evans | Georgia | (706) 394-1169 |
| 597 | George Elba, Jennifer Bunting-Graden, Victor E. Elba | Marietta | Georgia | (404) 664-3064 |
| 839 | Sonu Patel, Vatsal Patel, Vidhi Patel | McDonough | Georgia | (478) 550-2959 |
| 671 | Archana Kudrimoti, Sandeep Kudrimoti | Milton | Georgia | (678) 395-4765 |
| 811 | Dhara Shah, Krutika Shah, Nila Shaheb, Prashant Gandhi | Peachtree City | Georgia | (912) 425-2931 |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 576 | Elizabeth Elba, George Elba, Jennifer Bunting-Graden, Victor E. Elba | Vinings | Georgia | (404) 664-3064 |
| 786 | Ellen Beasley, William Beasley | Watkinsville | Georgia | (706) 506-7795 |
| 763 | Jessie Robnett, Shannon Robnett | Eagle | Idaho | (208) 908-8141 |
| 745 | Bradley Shafer, Brenda Shafer | Meridian | Idaho | (919) 529-2303 |
| 829 | Hayley Williams, Matthew Kuepers, Theodore Williams II | Aurora | Illinois | (920) 621-8471 |
| 785 | Harleen Kaur, Ravipal Arora | Bolingbrook | Illinois | (815) 510-6000 |
| 869 | CJ Bak | Downers Grove | Illinois | (630) 728-1582 |
| 891 | Julie Vadakumpadam | Elmhurst | Illinois | (630) 853-2509 |
| 782 | Diego Diaz-Puentes, Laura Montes Rodriguez | North Naperville | Illinois | (316) 854-7712 |
| 863 | Mansi Thakkar, Parth Gabhawala, Purav Thakkar, Purvi Gabhawala | Palatine | Illinois | (631) 605-2916 |
| 668 | Mrugesh N. Patel, Navinchandra K. Patel, Nilam B. Patel, Pinal S. Kerai, Shashivadan V. Kerai | West Aurora | Illinois | (630) 402-9080 |
| 859 | Anita Boyd, Harrison Boyd | Meridian Hills | Indiana | (317) 855-7808 |
| 837 | Hemal J. Patel, Kaushal Sanjanwala, Mani Hunjan, Mayurkumar Patel, Shalin Sanjanwala, Tridib Das | Overland Park | Kansas | (913) 593-5225 |
| 854 | Anne Lewis | Rosehill Pointe | Kansas | (913) 768-6730 |
| 767 | Roshni Patel, Viren Patel | Baton Rouge | Louisiana | (512) 787-2936 |
| 776 | Ghayan Goraya, Rose Durrani | Columbia | Maryland | (443) 538-2008 |
| 724 | Payal Jariwala | Eldersburg | Maryland | (443) 416-7036 |
| 655 | Falgunbhai Patel, Mital Patel, Viral Patel | Ellicott City | Maryland | (410) 540-4956 |
| 778 | Seena Desai, Vivek Parikh | Forest Hill | Maryland | (443) 567-6265 |
| 804 | Falgunbhai Patel, Krishna Vaidya, Krupali Patel, Viral Patel | Frederick | Maryland | (410) 540-4956 |
| 779 | Mital Patel, Samir Patel | Jessup | Maryland | (240) 462-4352 |
| 550 | Jasmili Majmudar | North Potomac | Maryland | (240) 355-1166 |
| 766 | Anand M. Patel, Beenish Bhatia, Rikin Parikh | Olney | Maryland | (410) 926-9042 |
| 805 | Falgunbhai Patel, Krishna Vaidya, Krupali Patel, Viral Patel | Owings Mills West | Maryland | (410) 540-4956 |
| 806 | Mital Patel, Samir Patel | Pasadena | Maryland | (240) 462-4352 |
| 845 | Pratham Patel, Shilpa Patel | Rockville | Maryland | (301) 653-6463 |
| 753 | Beenish Bhatia, Sruthi Reddy Gurrala | Severn | Maryland | (410) 926-9042 |
| 913 | Matthew Ailey | W Gaithersburg | Maryland | (423) 736-0909 |
| 887 | Pratham Patel, Shilpa Patel | Wheaton | Maryland | (301) 653-6463 |
| 879 | Gaurav Parikh, Kervi Parikh | White Marsh | Maryland | (732) 910-4447 |
| 846 | Keisha Perez, Raul Perez Jr. | Acton-Boxborough | Massachusetts | (617) 785-5033 |
| 851 | Bhargav Athia, Urvi Athia | Beverly | Massachusetts | (978) 289-4020 |
| 799 | Dhanraj Biyani, Ritu Bhutda | Braintree | Massachusetts | (210) 404-9876 |
| 698 | Curt Van Emon | Lexington | Massachusetts | (781) 361-5400 |
| 761 | Janki M. Patel, Manan Patel | Norwood | Massachusetts | (781) 492-6305 |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 643 | Bhargav Athia, Urvi Athia | Reading | Massachusetts | (978) 289-4020 |
| 833 | Aneela Rafiq, Zaheer Rafiq | Stoneham | Massachusetts | (312) 523-8416 |
| 800 | Lonnie Cohn, Suzanne Cohn | Sudbury | Massachusetts | (508) 545-2353 |
| 843 | Danielle Rodrigues, Kristen TenBroek, Pedro Rodrigues, Trampas M. TenBroek | Wakefield | Massachusetts | (978) 504-0165 |
| 697 | Curt Van Emon | Waltham | Massachusetts | (781) 361-5400 |
| 831 | Lindsey Bodiya, Robert George Jr., Robert George Sr. | Bloomfield Hills | Michigan | (248) 910-5957 |
| 906 | Afsar Zuberi, Haroon Zuberi | Jenison | Michigan | (832) 503-2276 |
| 847 | Bhavin Patel, Dhruva Patel, Divakar Doddapaneni, Sunita Mandava, Taral Patel | Novi | Michigan | (734) 612-7113 |
| 927 | Ami Sanjanwala, Hemal J. Patel, Jay B. Patel, Kaushal Sanjanwala, Kunjan Patel, Reema Patel, Shalin Sanjanwala, Sunita Sanjanwala | Plymouth | Michigan | (734) 544-1624 |
| 832 | Lindsey Bodiya, Robert George Jr., Robert George Sr. | Rochester Hills | Michigan | (248) 910-5957 |
| 720 | Pooja Kattimani, Raghavendra Navalgund | Ramsey | Minnesota | (408) 368-6026 |
| 928 | Amy Cash, Megan Kutscher, Michael Cash | Shakopee | Minnesota | (937) 286-0200 |
| 886 | Gina Dahlblom, Steven Dahlblom | Stillwater | Minnesota | (651) 242-0592 |
| 888 | Jacqueline Rothermich, Jason Rothermich | Kirkwood | Missouri | (636) 544-4763 |
| 681 | Ahsan Mirza, Bahija Maaroufi | Parkville | Missouri | (816) 415-3033 |
| 841 | Cole Stichler, Katie L. Stichler | Bellevue | Nebraska | (402) 960-8248 |
| 747 | Elizabeth Tonniges, Jesse Bergman | E. Lincoln | Nebraska | (402) 770-4939 |
| 840 | Cole Stichler, Katie L. Stichler | Elkhorn | Nebraska | (402) 960-8248 |
| 842 | Cole Stichler, Katie L. Stichler | W Omaha | Nebraska | (402) 960-8248 |
| 808 | Alan Maria Jr., Kelly Maria, Robert Phillip Garcia, Roberto Garcia, Sandra Garcia | Henderson | Nevada | (956) 655-6508 |
| 777 | Alonzo Durham, Bethany Durham | Reno | Nevada | (775) 993-3377 |
| 871 | Ambar Patel, Dharati Patel | Caldwell kna Jersey City | New Jersey | (973) 960-5089 |
| 820 | Saniya Dhala, Zahra Isani | Clark | New Jersey | (732) 766-4571 |
| 621 | Andrea J. Ryan, Kevin F. Ryan | Closter | New Jersey | (201) 444-6794 |
| 596 | Ashley H. Gray, Charles F. Gray II | Maplewood | New Jersey | (973) 763-5353 |
| 835 | Aditi Khokhar, Chitra Gupta, Sandeep Malik, Vikas Gupta | Montclair | New Jersey | (217) 213-2924 |
| 617 | Ankit Patel, Ketan Patel | Moorestown | New Jersey | (856) 242-0034 |
| 857 | Rupal Shankar, Uday Shankar | Princeton | New Jersey | (917) 596-4869 |
| 603 | Asanga Gunaratne, Michael A. Koval | River Edge | New Jersey | (914) 588-6681 |
| 519 | Ashley H. Gray, Charles F. Gray II | Scotch Plains | New Jersey | (973) 763-5353 |
| 600 | Amina Shah-Gunaratne, Asanga Gunaratne | Summit | New Jersey | (908) 756-0624 |
| 546 | Lou Ann McLaughlin, Michael McLaughlin | Albuquerque | New Mexico | (281) 693-5650 |
| 547 | Lou Ann McLaughlin, Michael McLaughlin | Albuquerque | New Mexico | (281) 693-5650 |
| 473 | Sonia Alreja | Commack | New York | (631) 312-1582 |
| 750 | Mandeep Sobti, Surinder Kaur | Huntington | New York | (347) 722-5622 |
| 880 | Divine Kaur, Harjot N. Singh | Levittown | New York | (631) 603-9170 |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 943 | Rahul Saluja, Tina Saluja | Manhasset | New York | (703) 509-9553 |
| 752 | David Zuckerman, Heather Zuckerman | White Plains West | New York | (914) 400-4493 |
| 723 | Gaurav Chaudhry, Sonali Gupta | Fuquay-Varina | North Carolina | (919) 434-3440 |
| 814 | Aruna Muthumanickam, Beenish Bhatia, Chandra Puvvada, Naveen Gollapally, Ravali Pendyala, Sruthi Reddy Gurrala | Knightdale | North Carolina | (410) 926-9042 |
| 920 | Chintan Patel, Vaishali Patel | Newell | North Carolina | (704) 804-0955 |
| 910 | Anand Patel, Anand D. Patel, Nish Patel, Rachel Persaud, Ronak Surti | Northwest Raleigh | North Carolina | 910-581-0068 |
| 873 | Gaurav Chaudhry, Sonali Gupta | Rolesville | North Carolina | (919) 434-3440 |
| 815 | Aruna Muthumanickam, Beenish Bhatia, Chandra Puvvada, Naveen Gollapally, Ravali Pendyala, Sruthi Reddy Gurrala | South Raleigh | North Carolina | (410) 926-9042 |
| 830 | Manthan Makadia, Sneha Patel | Waxhaw | North Carolina | (215) 429-4435 |
| 609 | Candice Peace, David Brown, Ruthann Peace Brown | Anderson | Ohio | (937) 620-3400 |
| 792 | Divya Singh, Inderjeet Kour, Prabhjot Singh, Ramneek Singh | Beachwood | Ohio | (440) 949-0232 |
| 729 | Ehab Eskander, Natosha T Eskander | Clintonville | Ohio | (614) 270-1559 |
| 876 | Ehab Eskander, Natosha T Eskander | Delaware | Ohio | (614) 270-1559 |
| 760 | Ehab Eskander, Natosha T Eskander | Grove City | Ohio | (614) 270-1559 |
| 765 | Ehab Eskander, Natosha T Eskander | New Albany | Ohio | (614) 270-1559 |
| 834 | Divya Singh, Harjot O. Singh, Navnidhi Singh, Prabhjot Singh | Wadsworth | Ohio | (440) 949-0232 |
| 861 | Collette O. Akhimiona, Nosakhare W. Akhimiona | Jenks | Oklahoma | (405) 808-5202 |
| 797 | Collette O. Akhimiona, Nosakhare W. Akhimiona | Sperry | Oklahoma | (405) 808-5202 |
| 764 | Carrie Shorthouse, Chase Jaffarian, Ernest Jaffarian, John Shorthouse | Bend | Oregon | (630) 886-2744 |
| 651 | Jeff Cloud Jr. | Ambler | Pennsylvania | (215) 313-5932 |
| 870 | Raghav Varma | Devon | Pennsylvania | (302) 540-0183 |
| 856 | Amit Patel, Chandani Patel | Doylestown | Pennsylvania | (732) 687-9653 |
| 872 | Manoj Patel, Shruti Patel | East Bethlehem | Pennsylvania | (610) 401-1996 |
| 890 | Charles Abraham, Kamna Abraham, Ravi Dalsania, Snehi Dalsania | Kulpsville | Pennsylvania | (717) 877-1422 |
| 865 | Kawalpreet Grover, Nainpreet Grover | Trexlertown | Pennsylvania | (503) 560-0184 |
| 908 | Frederick Schroder III, Joseph Bryant Jr., Stacie Bryant, Stacy Schroder | Simpsonville South | South Carolina | (864) 423-9483 |
| 813 | Drew Lacey, Elizabeth Lacey, Eric Lacey, Grant Lacey, Jamie Lacey, Paige Berg, Rebecca Lacey, Zachary Berg | Sioux Falls | South Dakota | (720) 281-6972 |
| 855 | Christopher Brinkmann, Courtney Brinkmann | Bearden | Tennessee | (865) 440-1178 |
| 929 | Jhessa Smith, Melissa Smith, Paxton Smith, Yogesh Kumar | Germantown | Tennessee | |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 665 | Amy James, Anthony Emmanuel, Susan Davis | Nashville Yards | Tennessee | (615) 661-4668 |
| 918 | Corrie Byron, Sean Byron | North Nolensville | Tennessee | (972) 951-6238 |
| 637 | Lorraine N. Nwofia | Smyrna | Tennessee | (615) 414-3039 |
| 686 | Noel Rigley | Addison | Texas | (469) 230-9248 |
| 911 | Ajit Thomas, Mariana Thomas | Anna | Texas | (571) 215-4275 |
| 645 | Kevin Bhakta, Reena Bhakta | Austin | Texas | (361) 549-5667 |
| 659 | John P. Guerrero, Laura Guerrero | Boerne San Antonio | Texas | (210) 384-2883 |
| 866 | Benita Casey, Michael Casey | Celina | Texas | (972) 762-5479 |
| 930 | Ananya Bhatnagar, Richie Ralhan | Cross Roads | Texas | (469) 777-1824 |
| 783 | Christy Black, Jordan Owens, Leslie Gandy, Robert Gandy IV | Easton Park | Texas | (979) 219-3666 |
| 700 | Jessica Fielder, Karen Lund | Fort Worth | Texas | (817) 572-6068 |
| 633 | Joyce Konrad, Kristen Roberts, Michael Konrad | Frisco Westridge | Texas | (972) 989-0709 |
| 822 | Jason Hammons, Kelly Hammons | Fulshear | Texas | (281) 463-4242 |
| 680 | Jennifer Millington, Richard Millington | Grand Central Conroe | Texas | (713) 569-8744 |
| 704 | Brandi Muse, Lawrence R. Muse III | Houston | Texas | (832) 541-0309 |
| 709 | Ashraf Nemri, Nebal Nemry | Hunters Creek | Texas | (281) 208-4547 |
| 664 | Anna Thompson, Theo Thompson III | Hutto | Texas | (512) 373-5256 |
| 678 | Lou Ann McLaughlin, Michael McLaughlin | Katy | Texas | (281) 693-5650 |
| 696 | Anna Thompson, Keith Hegner, Lisa Hegner, Theo Thompson III | Kyle | Texas | (610) 952-7054 |
| 725 | David Shelton, Julia Shelton | Lake Highlands | Texas | (214) 503-8564 |
| 916 | Danielle Ehrlich, Darci Merrill, Kyle Ehrlich, Ronald E. Merrill | Magnolia | Texas | (713) 876-5270 |
| 817 | Ajit Thomas, Mariana Thomas | McKinney | Texas | (571) 215-4275 |
| 648 | Syed Ali, Zehra Chawla | Melissa | Texas | (832) 287-5294 |
| 744 | Estefania Teixeira, Estela Papadopulos, Sotirios Papadopulos | Meridiana | Texas | (281) 431-1438 |
| 898 | Fawad Khan, Rebecca Khan | Midlothian | Texas | (404) 751-8770 |
| 626 | Lawrence O'Connor, Natalie O'Connor | New Braunfels | Texas | (512) 923-1360 |
| 796 | Erin Lundie, Francis Lundie | Northlake | Texas | (940) 999-3902 |
| 942 | Genevieve Caesar-Morrison, Joseph Morrison | Pflugerville | Texas | (425) 679-1242 |
| 904 | Ananya Bhatnagar, Richie Ralhan | Princeton | Texas | (469) 777-1824 |
| 738 | Abidemi Abi Oladele, Chidinma Chichi Ejim, Chukwubuike Chuck Ejim, Oladimeji Ola Oladele | Richmond | Texas | (724) 556-9620 |
| 884 | Kevin Mccombs, Mandi McCombs | Roanoke | Texas | (972) 333-3654 |
| 679 | Darci Merrill, Ronald E. Merrill | Rose Hill | Texas | (832) 687-4400 |
| 803 | Kevin Bhakta, Reena Bhakta | Round Rock | Texas | (361) 549-5667 |
| 853 | Alyssa Sullivan, Ross Sullivan | San Antonio | Texas | (563) 581-2517 |
| 677 | Lou Ann McLaughlin, Michael McLaughlin | Spring Valley | Texas | (281) 693-5650 |
| 592 | Colleen Hord, Ryan Hord | TBD | Texas | (832) 331-8770 |

| ID | FRANCHISEE | LOCATION | ST | TELEPHONE |
|---|---|---|---|---|
| 658 | Dedee Gebhardt, Kevin Gebhardt | TBD North McKinney | Texas | (469) 323-7745 |
| 944 | Hassan Baweja, Nida Baweja | Waxahachie | Texas | (817) 946-7416 |
| 788 | Kathryn Arbabi, Roger Arbabi | Riverton West | Utah | (435) 631-0443 |
| 639 | Malina Patel, Mitesh P. Patel, Parbhu Patel | Arlington | Virginia | (703) 861-9152 |
| 909 | Nina Patel, Nirav Patel | Chesapeake | Virginia | (804) 386-4361 |
| 791 | Hemal S. Patel, Kirti Patel | Fairfax | Virginia | (703) 863-9421 |
| 849 | Matthew Ailey | Fairfax | Virginia | (423) 736-0909 |
| 653 | Saniya Dhala, Zahra Isani | Falls Church | Virginia | (732) 766-4571 |
| 795 | Mayaben Patel, Tinaben Patel | McLean | Virginia | (251) 382-3216 |
| 882 | Alexa Patel, Dylan Patel, Rita N. Patel | Mechanicsville | Virginia | (804) 931-5527 |
| 790 | Darlene Griffin, Keith Hegner, Lisa Hegner, Robert Griffin | Stafford | Virginia | (610) 952-7054 |
| 894 | Ritesh Patel, Zeel Desai | Tuckahoe | Virginia | (804) 938-9355 |
| 848 | Matthew Ailey | Vienna | Virginia | (423) 736-0909 |
| 690 | Henrika Strijker, Robert Siemers | Virginia Beach West | Virginia | (804) 601-3089 |
| 809 | Amber Lempke, Michael Lempke | Yorktown | Virginia | (703) 216-2982 |
| 945 | Edward T. Hamilton, Larisa Hamilton | Bothell | Washington | (972) 302-1847 |
| 780 | Anil Patel, Mohit Patel, Pankil B. Patel | Kirkland | Washington | (731) 293-5472 |
| 662 | Edward T. Hamilton, Larisa Hamilton | Lake Stickney | Washington | (972) 302-1847 |
| 889 | Arjit Ganguly, Chhavi Mishra, Krishnakanth Chimalamarri, Swasti Mishra | Mountlake Terrace | Washington | (352) 222-7769 |
| 674 | Misba Mansuri, Mohamed Mansuri | Redmond (Issaquah) | Washington | (206) 465-1324 |
| 907 | Mercy Byravarapu, Solomon Vijay Souri | Redmond Ridge | Washington | (425) 247-4046 |
| 885 | Misba Mansuri, Mohamed Mansuri | South Redmond | Washington | (206) 465-1324 |
| 905 | Anil Patel, Lipi Patel, Mohit Patel, Pankil B. Patel | Woodinville | Washington | (731) 293-5472 |

**C. The following are the names and last known addresses of each Franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent fiscal year or who has not communicated with us or our affiliates within ten weeks of the date of this Disclosure Document:**

**Facility Permanently Ceased Operations**

None

**Franchise Agreement Terminated – Facility Never Opened**

| Former Franchisee | City | State | Contact Info |
|---|---|---|---|
| Isha & Manav Patel | Clarksburg | MD | (202) 247-6602 |
| Timothy Nafso, James Nafso, Danny Samona | Bloomfield | MI | (734) 945-5967 |
| Charles F. Gray and Ashley H. Gray | Parsippany | NJ | (973) 763-5353 |
| Mark Dennis and Jennifer Dennis | Weddington | NC | (704) 246-8133 |

**Franchise Agreement Transferred**

| Former Franchisee | City | State | Contact Info |
|---|---|---|---|
| Christopher (Chris) A. Bartlett, Susan M. Sage Bartlett | Gilbert | Arizona | 602-740-8420 |
| Gregory S. Legeza, Heather E. Legeza | Peoria | Arizona | 623-330-6262 |
| Gregory S. Legeza, Heather E. Legeza | Phoenix | Arizona | 623-330-6262 |
| Christy L. Wolford, Albert (Bubba) M. Wolford, III | Fort Collins | Colorado | 970-988-5880 |
| Susan S. Muller*, Kenneth R. Muller* | Jacksonville | Florida | 904-451-1527 |
| John F. McKnight*, Jennifer C. McKnight* | Buford | Georgia | 770-365-7407 |
| Robert (Mark) Shepherd | Cumming | Georgia | 770-888-4434 |
| John F. McKnight*, Jennifer C. McKnight* | Gainesville | Georgia | 770-365-7407 |
| Simon E. Edwards*, Kathrina (Kathy) J. Edwards* | Peachtree Corners | Georgia | 678-469-5589 |
| Sandeep Kudrimoti, Archana (Anu) Kudrimoti | Suwanee | Georgia | 203-650-5849 |
| Robert G. Parsons | Chelmsford | Massachusetts | 603-566-3280 |
| Joseph (Joe) R. Piket*, Sarah L. Piket* | Maple Grove | Minnesota | 612-600-2356 |
| Brian R. Mart, Melissa D. Mart | Chapel Hill | North Carolina | 919-480-5890 |
| Jason R. Cambria, Hollie A. Cambria | Centerville | Ohio | 937-620-3424 |
| Jason R. Cambria, Hollie A. Cambria | Dayton | Ohio | 937-620-3424 |
| Annelies M. Condon, Matthew R. Condon | Hilliard | Ohio | 614-832-1058 |
| Annelies M. Condon, Matthew R. Condon | Marysville | Ohio | 614-832-1058 |
| John M. Sorber, Diane F. Szamborski | Royersford | Pennsylvania | 610-724-3764 |
| Arthdale (Arty) R. Brown, Gervonia (G) Robinson, Donald (Don) D. Brown, Angela Brown, Gillian Robinson | Fort Mill | South Carolina | 704-299-3306 |
| Joshua (Josh) S. McLeod, Tiffany R. McLeod | Allen | Texas | 972-352-3297 |
| Katherine (Kasey) Anne Redus, Helen (Clare) France | Cedar Park | Texas | 310-699-0348 |
| John Schoel*, Andrea Schoel* | Kingwood | Texas | 713-823-8622 |
| Sherman J. Hatch*, Jamie Hatch* | Mansfield | Texas | 817-233-7653 |
| Joyce A. Konrad*, Michael L. Konrad* | McKinney | Texas | 972-989-0709 |
| Noel J. Rigley* | Plano | Texas | 469-230-9248 |
| Lisa Cameron, Martin (Marty) B. Cameron | Sugar Land | Texas | 713-539-7755 |

| Former Franchisee | City | State | Contact Info |
|---|---|---|---|
| Georgia P. Wiley* | Chester | Virginia | 804-677-7426 |
| Stefan (Steve) Richter*, Angela W. Richter*, Bobby E. Moore, Jr.*, Heather G. Moore* | Glen Allen | Virginia | 804-405-9932 |
| Leighanne Chilmaid, Stephen Chilmaid | Midlothian | Virginia | 804-363-3109 |
| Leighanne Chilmaid, Stephen Chilmaid | Midlothian | Virginia | 804-363-3109 |

* Indicates Franchisee that is still operating another Facility pursuant to another Franchise Agreement that remains in effect.

# Exhibit E
# to
# Franchise Disclosure Document

## LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

**(attached)**

## List of State Administrators and Agents for Service of Process

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| CALIFORNIA | Department of Financial Protection and Innovation<br>320 West Fourth Street, Suite 750<br>Los Angeles, California 90013<br>(213) 576-7500 or (866) 275-2677 | Commissioner of Financial Protection and Innovation<br>320 West 4th Street, Suite 750<br>Los Angeles, California 90013 |
| HAWAII | Department of Commerce and Consumer Affairs<br>Business Registration Division<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813<br>(808) 586-2744 | Commissioner of Securities<br>Business Registration Division<br>335 Merchant Street, Room 203<br>Honolulu, HI 96813 |
| ILLINOIS | Franchise Bureau<br>Office of the Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706<br>(217) 782-4465 | Illinois Attorney General<br>500 South Second Street<br>Springfield, Illinois 62706 |
| INDIANA | Indiana Securities Division<br>Secretary of State<br>Room E-111<br>302 West Washington Street<br>Indianapolis, IN 46204<br>(317) 232-6681 | Indiana Secretary of State<br>Room E-111<br>302 West Washington Street<br>Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General<br>Maryland Division of Securities<br>200 St. Paul Place<br>Baltimore, MD 21202<br>(410) 576-7042 | Maryland Securities Commissioner<br>200 St. Paul Place<br>Baltimore, MD 21202 |
| MICHIGAN | Michigan Department of Attorney General<br>Consumer Protection Division<br>525 West Ottawa Street<br>Williams Building, 6th Floor<br>Lansing, MI 48933<br>(517) 335-7567 | Michigan Department of Commerce<br>Corporations and Securities Bureau<br>525 West Ottawa Street<br>Williams Building, 6th Floor<br>Lansing, MI 48933 |
| MINNESOTA | Minnesota Department of Commerce<br>Securities-Franchise Registration<br>85 7th Place East<br>Suite 280<br>St. Paul, MN 55101-2198<br>(651) 539-1500 | Minnesota Commissioner of Commerce<br>85 7th Place East<br>Suite 280<br>St. Paul, MN 55101-2198 |
| NEW YORK | NYS Department of Law<br>Bureau of Investor Protection and Securities<br>28 Liberty Street, 21st Floor<br>New York, NY 10005<br>(212) 416-8236 | Secretary of State of New York<br>One Commerce Plaza<br>99 Washington Avenue<br>Albany, NY 12231 |

| STATE | STATE ADMINISTRATOR | AGENT FOR SERVICE OF PROCESS |
|---|---|---|
| NORTH DAKOTA | North Dakota Securities Department<br>600 East Boulevard Avenue<br>State Capitol, 14th Floor, Dept. 414<br>Bismarck, North Dakota 58505-0510<br>(701) 328-4712 | North Dakota Securities Commissioner<br>600 East Boulevard Avenue<br>State Capitol, 14th Floor, Dept. 414<br>Bismarck, North Dakota 58505-0510 |
| RHODE ISLAND | Securities Division<br>Department of Business Regulations<br>1511 Pontiac Avenue<br>Cranston, RI 02920<br>(401) 462-9585 | Director of Business Regulation<br>1511 Pontiac Avenue<br>Cranston, RI 02920 |
| SOUTH DAKOTA | South Dakota Department of Labor and Regulation<br>Division of Insurance<br>Securities Regulation<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501<br>(605) 773-3563 | Director of the Division of Insurance<br>South Dakota Department of Labor and Regulation<br>Division of Insurance<br>124 S. Euclid, Suite 104<br>Pierre, SD 57501 |
| VIRGINIA | State Corporation Commission<br>Tyler Building, Ninth Floor<br>1300 E. Main Street<br>Richmond, VA 23219<br>(804) 371-9051 | Clerk, Virginia State Corporation Commission<br>Tyler Building, Ninth Floor<br>1300 E. Main Street<br>Richmond, VA 23219 |
| WASHINGTON | Department of Financial Institutions<br>Securities Division<br>P. O. Box 41200<br>Olympia, Washington 98504-1200<br>(360) 902-8760 | Director of Financial Institutions<br>150 Israel Road SW<br>Tumwater, WA 98501 |
| WISCONSIN | Division of Securities<br>Department of Financial Institutions<br>201 W Washington Ave Suite 300<br>Madison, WI 53703<br>608-266-8557 | Division of Securities, Department of Financial Institutions<br>201 W Washington Ave Suite 300<br>Madison, WI 53703 |

# Exhibit F
# to
# Franchise Disclosure Document

## CONFIDENTIAL OPERATIONS MANUALS TABLE OF CONTENTS

**(attached)**

## CONFIDENTIAL OPERATIONS MANUALS TABLE OF CONTENTS


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| **BUSINESS SERVICES** | **(Approximately 100 Pages)**<br>School Financial Analysis<br>Accounting Forms<br>Accounting Policies<br>Accounting Reports, FTE, Fee, Revenue |
| **OPERATIONS** | **(Approximately 2,800 Pages)**<br>Internal Accreditation Resources – School Excellence Assurance<br>Pre-Opening and Transfer – New School Support<br>Procare Policies and Procedures<br>Operational Policies and Procedures<br>Administration<br>Staffing<br>Program Activities for Healthy Development<br>Health Promotion and Protection<br>Facilities, Supplies, Equipment, and Environmental Health<br>Nutrition and Food Service<br>Playgrounds and Transportation<br>Infectious Diseases<br>Children with Special Health Care Needs |
| **EDUCATION** | **(Approximately 5,000 Pages, Not Including Balanced Learning® Curriculum Materials Available Digitally)**<br>Classroom Management Tools<br>Teacher Resources<br>Templates/Tools<br>Balanced Learning Research Base<br>Parent Communication Parent Letters/Resources<br>Assessment Resources<br>Instructional Technology<br>Monthly Resources<br>External Accreditation Resources – Cognia<br>Education Coach Resources (i.e., Education Coach Connection)<br>Belongingness Resources |
| **MARKETING** | **(Approximately 2,000 Pages)**<br>Pre-Opening Marketing<br>Social Media Guides & Monthly Editorial Calendars<br>Online Review Guides, Resources & Best Practices<br>Website & SEO<br>Local Community Marketing<br>Public Relations<br>Creative Resources<br>Prospect to Parent<br>Internal Marketing and Parent Communication<br>Recruitment Marketing Resources & Examples<br>Prospect to Parent Resources & Examples<br>Speaking About Primrose<br>Primrose Promise |

# Exhibit G
# to
# Franchise Disclosure Document

## REAL ESTATE DEVELOPMENT AGREEMENT

**(attached)**

# REAL ESTATE DEVELOPMENT AGREEMENT

This Real Estate Development Agreement (this "**Agreement**") is made this _____ day of _____, 20___ (the "**Effective Date**"), by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company (hereinafter "**Franchisor**"), and _____, a _____ (hereinafter referred to as "**Real Estate Affiliate**").

## R E C I T A L S

**WHEREAS**, Franchisor and _____ ("**Franchisee**") have entered into that certain Franchise Agreement dated _____, 20____, ("**Franchise Agreement**"), which provides for, among other things, the construction, operation and maintenance of a Facility (as defined in Section 1.1 of the Franchise Agreement, a "**Facility**"), that is to be located within the "**Development Area**" (as defined in Section 1.2 of the Franchise Agreement);

**WHEREAS**, Real Estate Affiliate is a Real Estate Affiliate of Franchisee (as defined in the Recitals of the Franchise Agreement);

**WHEREAS**, upon Real Estate Affiliate's completion of construction of the Facility, Real Estate Affiliate will lease the Facility to Franchisee pursuant to a lease agreement acceptable to Franchisor (the "**Lease Agreement**"); and

**WHEREAS**, in furtherance of the foregoing, Real Estate Affiliate desires to retain Franchisor, subject to the terms and conditions hereinafter set forth, to identify a site within the Development Area that is an acceptable Site to Franchisor for a Facility ("**Site**") (unless one has already been approved by Franchisee prior to the Effective Date) and to provide such other services as herein specified;

**NOW, THEREFORE**, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do covenant and agree as follows:

**1. Site Selection and Initial Payment.**

(A) Identification of Primrose Site. Except where a Site has already been identified by Franchisor and accepted by Franchisee prior to the Effective Date, Franchisor shall attempt to identify a Site to purchase or lease (which may include a facility operating under a different brand that may be converted to a Facility) within the Development Area that is acceptable to Franchisor for a Facility (a "**Primrose Site**"). Upon identification of a Primrose Site, Franchisor will provide to Franchisee a preliminary analysis outlining basic information about the proposed Primrose Site. Franchisee shall notify Franchisor within 10 days of its receipt of a site support letter from Primrose whether it would like Franchisor to enter into a letter of intent for the Site (an "**LOI**"). If Franchisee does not timely provide such notice, Franchisee will be deemed to have rejected the proposed Primrose Site. If Franchisee timely requests that Franchisor enter into an LOI for the proposed Primrose Site, Franchisor (i) will attempt to enter into an LOI and (ii), if successful, will draft and provide a copy of the SLA to Real Estate Affiliate and Franchisee. A Site Location Analysis ("**SLA**") is a document prepared by Franchisor for its own use, which may include the following information: (1) a legal description of the Site, (2) a demographic profile relating to the Site, (3) a conceptual design plan showing, among other things, the preliminary, proposed layout of the Facility on or within the Site, (4) a review of competing schools

within the subject area, and (5) information relative to the community within which the Site is located. Real Estate Affiliate acknowledges that in some Development Areas Franchisor may not be able to identify one or more Primrose Sites. The failure by Franchisor to identify a Primrose Site shall not be deemed a default by Franchisor hereunder.

(B) Franchisee Acceptance of Primrose Site.

(i) Accepting or Declining a Primrose Site. Upon Franchisee's review of the SLA prepared by Franchisor, Franchisee may provide its final acceptance or rejection of the proposed Primrose Site in its sole discretion, provided that Franchisee must provide Franchisor with written notice of its intent to accept a Primrose Site within 10 days of its receipt of the SLA. If Franchisee does not accept the proposed Primrose Site in writing within 10 days of its receipt of the SLA, Franchisee will be deemed to have rejected the proposed Primrose Site. Real Estate Affiliate acknowledges that Franchisee is entitled to exercise its sole and absolute discretion in electing to accept or decline any Primrose Site, and that Franchisor has no obligation to cause Franchisee to accept any Primrose Site. A Primrose Site that is accepted by Franchisee (or a substitute franchisee, as applicable, and whether approved prior to or after the Effective Date) is referred to hereinafter as an "**Accepted Site**". The "**Date of Acceptance**" as used hereinafter shall refer to the later to occur of: (i) the Effective Date; or (ii) the date upon which an Accepted Site is accepted in writing by Franchisee (or a substitute franchisee, as applicable) or is deemed to be accepted due to Franchisee's failure to respond to the SLA.

(ii) Acknowledgements. By accepting a Primrose Site, Franchisee represents that based on the anticipated purchase price or rent for the Primrose Site and the estimated initial investment costs to develop a Facility as disclosed in Franchisor's Franchise Disclosure Document, Real Estate Affiliate will be able to fund the necessary capital injection to enable Franchisee to obtain a loan for the development of the Primrose Site as a Facility, even if the actual purchase price or rent and actual total investment is higher than anticipated.

(C) Franchisee Rejection of Primrose Site; Substitute Site or Franchisee. If for any reason a Primrose Site is not accepted by Franchisee, then Franchisor shall have the right, but not the obligation, to seek a substitute Primrose Site within the Development Area for acceptance by Franchisee. If Franchisee accepts a substitute Primrose Site, then Franchisor shall seek to enter into a Purchase Agreement or Franchisee shall seek to enter into a lease for such Primrose Site in accordance with the provisions of Section 2.

By initialing below, Real Estate Affiliate acknowledges Franchisor's rights under this Section 1(C) and agrees that Real Estate Affiliate is responsible for the payment of all Expenses incurred in regard to the original Site and any substitute Site:

Real Estate Affiliate's Initials: _____ Date: _____

Without limiting any of Franchisor's other rights under this Agreement, Franchisor shall have the right to terminate this Agreement upon notice to Real Estate Affiliate if Franchisee rejects one or more Primrose Sites or if there is no Accepted Site on a date that is 20 months following the Effective Date.

(D) Initial Payment. Unless already paid at the time of execution of the Franchise Agreement, Real Estate Affiliate shall pay to Franchisor the sum of $25,000 on the Effective Date (the "**Initial Payment**"), which Initial Payment is in addition to and independent of any and all other financial obligations of Real Estate Affiliate under this Agreement (including, without limitation, Expenses).

**2. Acquisition of Accepted Site**.

(A) Following the Date of Acceptance, if the Accepted Site will be purchased, Franchisor shall attempt (directly or through an affiliate, such as Primrose School Franchising Company LLC) to enter into a contract to purchase the Accepted Site (a "**Purchase Agreement**") with the owner thereof on terms acceptable to Franchisor in Franchisor's sole and absolute discretion. If the Accepted Site will be leased, Franchisee must execute a Permanent Lease Amendment to the Franchise Agreement. Real Estate Affiliate shall be responsible for negotiating the terms of the lease for the Accepted Site (the "**Site Lease**") with the landlord, and Franchisee shall execute such Site Lease, if Franchisor provides its written approval of such Site Lease, which it may grant or withhold in its sole and absolute discretion. The failure of Franchisor or its affiliates to enter into a Purchase Agreement or for Franchisee to enteer into a Site Lease for an Accepted Site shall not be deemed a default by Franchisor hereunder.

(B) Real Estate Affiliate specifically acknowledges that Franchisor may, at any time prior to the execution of the Purchase Agreement Assignment (as defined in Section 5(A)) on the Closing Date (as defined in Section 5(B)) or prior to approving the Site Lease, in its sole and absolute discretion, determine that an Accepted Site is not suitable for a Facility. In such event, Franchisor shall have the rights set forth in Section 5(C), including, without limitation, the right to terminate this Agreement and the right to seek a substitute Primrose Site within the Development Area for acceptance by Franchisee in accordance with the provisions of Section 1(C).

**3. Disclaimer of Representations and Warranties**. Real Estate Affiliate understands and agrees that it is Franchisee's (or a substitute franchisee's, as applicable) obligation and responsibility to assess the condition of a Site and determine the suitability of a Site for its intended purposes. Franchisor makes no representations or warranties to Real Estate Affiliate or Franchisee, including, without limitation, representations and warranties as to the condition of any Site or the suitability of any Site (whether or not accepted by Franchisee, or a substitute Franchisee, as applicable) for the construction or operation of the Facility, or for any other purpose. Real Estate Affiliate acknowledges that the SLA and any other information provided by Franchisor is for informational purposes only and will not be determinative of the performance, success or failure of the Facility, and Franchisor makes no representations, warranties or guarantees to Real Estate Affiliate or Franchisee relating thereto.

**4. Performance of Services**. Following execution of the Purchase Agreement or the LOI, Franchisor shall provide the following services to Real Estate Affiliate with respect to the Accepted Site:

(A) Provide to Real Estate Affiliate a Phase I Environmental Report ("**Environmental Report**") prepared by an engineer or consultant licensed to provide such reports in the jurisdiction in which the Accepted Site is located. Such Environmental Report shall include Real Estate Affiliate under any so-called "use by third party" or "reliance letter", where applicable.

(B) Provide to Real Estate Affiliate a soils report prepared by an engineer or consultant licensed to provide such reports in the jurisdiction in which the Accepted Site is located. Such report shall include Real Estate Affiliate under any so-called "use by third party" or "reliance letter", where applicable.

(C) Provide to Real Estate Affiliate a commitment for title insurance ("**Title Commitment**") for the Accepted Site issued by a title insurance company licensed to do business in the state in which the Accepted Site is located.

(D) Provide to Real Estate Affiliate or Real Estate Affiliate's lender any information reasonably required by such lender in connection with such lender's performance or commissioning of an appraisal of the Accepted Site and the Facility to be constructed thereon.

(E) Request from the governmental authority that issues building permits in the jurisdiction in which the Accepted Site is located a letter stating the conditions that must be fulfilled in order for a building permit for the Facility to be issued ("**Building Permit Authorization**"). Real Estate Affiliate acknowledges that there is no guarantee that such Building Permit Authorization can or will be obtained, and that the failure to obtain a Building Permit Authorization shall not constitute a default hereunder.

(F) Assist with preparing closing documents and agreements to which Franchisor will be a party in connection with the Purchase Agreement Assignment and the closing of the Purchase Agreement (provided that Franchisor shall have no responsibility for the closing or liability for the failure of the closing to occur for any reason).

(G) Provide final acceptance of the Facility by Franchisor in accordance with the terms of the Franchise Agreement (provided that except as may be otherwise provided in the Franchise Agreement, Franchisor shall have no responsibilities whatsoever relating to inspecting any improvements constructed on the Site).

The documents referred to in subsections (A) through (C) above are referred to hereinafter as the "**Pre-Closing Reports**". Without limiting any other provision of this Agreement, costs, fees and expenses incurred by Franchisor in connection with the Pre-Closing Reports and other services described above shall constitute "Expenses" (as hereinafter defined).

**5. <u>Assignment and Assumption of Purchase Agreement; Closing; Failure to Close</u>.**

(A) Real Estate Affiliate hereby agrees to assume the Purchase Agreement and all of Franchisor's or its affiliate's rights and obligations thereunder on the Closing Date pursuant to Franchisor's then-current form of Assignment and Assumption Agreement (the "**Purchase Agreement Assignment**"), provided that Franchisor's or its affiliates's obligation to enter into the Purchase Agreement Assignment shall be subject to the following conditions precedent:

(i) Real Estate Affiliate shall enter into a binding contract with a general contractor of its choosing for construction of the Facility, which contract may be subject to Franchisor's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed ("**Construction Contract**").

(ii) Real Estate Affiliate shall secure acquisition, construction and permanent equity and debt financing on terms acceptable to Franchisor for acquisition of the Site and construction of the Facility (a "**Financing Commitment**").

(iii) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully-executed Memorandum of Acquisition Rights in recordable form, and in Franchisor's then-current form evidencing the rights and obligations set forth in Section 12 hereof.

(iv) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully executed Lease Agreement in a form acceptable to Franchisor in its sole and absolute discretion.

(v) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully executed Collateral Assignment of Tenant's Interest in Lease in Franchisor's then-current form.

(vi) Franchisee and the project lender shall deliver to Franchisor a fully executed Subordination, Non-Disturbance and Attornment Agreement in Franchisor's then-current form.

(vii) Real Estate Affiliate shall, at Franchisor's option, (i) enter into an agreement acceptable to Franchisor with the National Architects (as defined in Section 6.A. (National Architects and Development Consultants)) to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume Franchisor's contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the Accepted Site.

(viii) Real Estate Affiliate shall pay to Franchisor $45,000 (the **"Closing Payment"**), which Closing Payment is in addition to and independent of any and all other financial obligations of Real Estate Affiliate under this Agreement (including, without limitation, Expenses). If Real Estate Affiliate (a) executes a Construction Contract, which Franchisor has approved in writing, within eight weeks after Franchisor or its architect provides written notice that it or they are beginning to solicit construction bids, (b) selects a lender within 45 days after Franchisor provides written notice requesting that Real Estate Affiliate begin the process of securing a Financing Commitment, and (c) closes on a Financing Commitment, which is acceptable to Franchisor, within 30 days after execution of the Construction Contract, the Closing Payment shall be reduced to $30,000.

(ix) Real Estate Affiliate shall reimburse Franchisor or its affiliates for any and all earnest money advanced under the Purchase Agreement.

(the foregoing are referred to collectively as the "**Closing Conditions**").

(B) Real Estate Affiliate shall have the obligation to complete the closing of the Accepted Site (the "**Closing**") on a date that is the later of (i) 30 days following delivery by Franchisor to Real Estate Affiliate of all Pre-Closing Reports (or the next business day following such date if such date falls on a weekend or holiday) or (ii) the date that is required under the Purchase Agreement, LOI, or Site Lease (the "**Closing Date**"), unless otherwise agreed to in writing by Franchisor. The Closing shall be considered to be

completed when Real Estate Affiliate has satisfied all Closing Conditions and (a) Real Estate Affiliate has completed the purchase of the Accepted Site by closing on the Accepted Site or executing the Purchase Agreement Assignment or (b) Franchisee has executed the Site Lease and waived or satisfied all lease contingencies. The failure to complete the Closing by the Closing Date shall be deemed a default by Real Estate Affiliate hereunder. Franchisor and its affiliates shall have no liability or responsibility whatsoever to Real Estate Affiliate for a failure of any party to complete the Closing.

(C) If, prior to the Closing Date, Franchisor determines, in its sole and absolute discretion, that any of the following are true:

(i) one or more of the Closing Conditions will not be satisfied by Real Estate Affiliate prior to the Closing Date,

(ii) the owner of the Accepted Site will fail to perform under the Purchase Agreement, the LOI, or the Site Lease; or

(iii) the Accepted Site is no longer acceptable to Franchisor for any reason, including, without limitation, a change in economic conditions or a failure to obtain a Building Permit Authorization,

then Franchisor may, at Franchisor's option (and without prejudice to any other rights and remedies available to it under this Agreement), elect to do any of the following upon notice to Real Estate Affiliate:

(a) waive any or all Closing Conditions that will not be satisfied on the Closing Date, whereupon Real Estate Affiliate shall complete the Closing by the Closing Date.

(b) close on the purchase of the Property and thereafter compel Real Estate Affiliate's purchase of the Property from Franchisor or its affiliate pursuant to Section 5(D) below.

(c) extend the Closing Date to allow the owner of the Accepted Site or Real Estate Affiliate, as applicable, additional time to fulfill the Closing Conditions or any other pre-closing conditions.

(d) seek a substitute Primrose Site for acceptance by Franchisee in accordance with the provisions of Section 1(C).

(e) terminate this Agreement, whereupon the parties shall have no further rights or obligations under this Agreement except for those provisions of this Agreement which expressly survive termination.

(D) Franchisor Site Acquisition. If (i) closing is required under the terms of the Purchase Agreement or if lease contingencies must be waived or satisfied under the terms of the Site Lease, but Franchisor determines that one or more of the Closing Conditions is not satisfied or (ii) Franchisor or its affiliate otherwise determines in its sole discretion to acquire the Accepted Site, Franchisor or its affiliate shall have the right, but not the obligation, in its sole discretion, to (a) acquire title to the Accepted Site and, upon 30 days' advance notice from Franchisor, Real Estate Affiliate shall have the obligation to purchase the Accepted Site directly from Franchisor or its affiliate for a purchase price equal to the

purchase price paid by Franchisor or its affiliate under the Purchase Agreement, plus any additional costs and expenses incurred by Franchisor or its affiliate in connection with such purchase and any additional amounts specified under this Agreement or (b) upon 30 days' advance notice from Franchisor, Franchisee shall have the obligation to excute an assignment of, and assume the obligations under, the Site Lease from Franchisor and pay Franchisor additional costs and expenses incurred by Franchisor in connection with such Site Lease and any additional amounts specified under this Agreement.

**6. Development Consultants**.

(A) National Architects and Development Consultants.Franchisor has the right to designate one or more architects to develop plans for the Facility (the "**National Architects**") and any structural engineers, civil engineers, and other development consultants to monitor and advise Franchisor with respect to Real Estate Affiliate's design, planning and construction of the Facility ("**Development Consultants**"). Franchisor may require Real Estate Affiliate to (i) enter into an agreement acceptable to Franchisor with the National Architects to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume Franchisor's contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the accepted site. The National Architects shall have the right, in its sole discretion, among other things, to: (a) approve or disapprove the final design of the Facility for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (b) approve or disapprove all proposed change orders requested by the Real Estate Affiliate; and (c) provide other architectural consulting services to Franchisor as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Real Estate Affiliate shall be responsible for paying the National Architects (or for paying Franchisor for Franchisor to pay the National Architects) for any fees or expenses that the National Architects incur related to the Facility. Real Estate Affiliate shall cause its construction manager, other development consultants, and contractors to (x) cooperate with Franchisor and the National Architects; (y) provide them with such information as may be reasonably requested from time to time in furtherance thereof; and (z) comply with Franchisor's then-current requirements and specifications.

(B) Construction Manager. Prior to selecting a general contractor, Real Estate Affiliate must engage, at its expense, the services of a qualified construction manager to (x) manage Real Estate Affiliate's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (y) assist in the selection of, and coordinate with, Real Estate Affiliate's general contractor and subcontractors; and (z) provide consulting services to Real Estate Affiliate as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager for the Facility (which may be Franchisor, its affiliate, or a third party) or, if Franchisor does not designate a construction manager, Real Estate Affiliate's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance or designation of Real Estate Affiliate's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance (unless otherwise specified in a separate construction management services agreement between Franchisor, as the designated construction manager, and Real Estate Affiliate).

(ii) Real Estate Affiliate must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted or designated construction manager to design and plan the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b) assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Real Estate Affiliate shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Real Estate Affiliate's assumption of the contract. In each case, Real Estate Affiliate shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor or its affiliates. If Franchisor designates itself or its affiliate as the construction manager, Real Estate Affiliate will be required to pay Franchisor's or its affiliate's then-current fee for such construction management services.

(C) General Contractor. Real Estate Affiliate must engage, at its expense, a licensed and insured general contractor that meets Franchisor's minimum standards, as specified from time to time, to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Real Estate Affiliate's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance. Real Estate Affiliate shall direct and authorize its general contractor to provide to Franchisor any information requested by Franchisor related to the design and construction of the Facility.

(D) No Franchisor Responsibilities. Real Estate Affiliate understands and agrees that it is solely Real Estate Affiliate's obligation to construct the Facility in accordance with the specifications and to enter into any and all contracts necessary and appropriate therefor. Specifically, but without limitation, Franchisor shall have no obligation to identify a contractor or construction manager for construction of the Facility, negotiate any construction contracts, design the Facility, obtain permits for construction, construct the Facility, or pay any fees or costs related to any of the foregoing.

**7. Franchisor's Expenses**.

(A) Real Estate Affiliate shall reimburse Franchisor for all Franchisor's costs, fees and expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification and evaluation of any Sites, efforts to negotiate and execute a Purchase Agreement or LOI, the performance of any and all services provided hereunder, the Pre-Closing Reports, the fees of the National Architect and other Development Consultants (including, without limitation, engineering, environmental, soil, architectural, legal and other professional and consulting fees) related to the Facility, simple interest on any amounts paid or advanced by Franchisor at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), calculated from the date such payment is made by Franchisor until repayment by Real Estate Affiliate to Franchisor, and any and all other costs, fees and expenses incurred by Franchisor relating to or resulting from Franchisor's performance of its rights and obligations under this Agreement (collectively, the "**Expenses**").

(B) Real Estate Affiliate must pay Franchisor all Expenses (a) at the Closing and, additionally, (b) within ten days after the date Real Estate Affiliate is invoiced for such

amount by Franchisor (such Expenses may be invoiced at any time before or after the Closing for Expenses incurred before or after the Closing).

(C) Franchisor may require, at any time and from time to time, Real Estate Affiliate to establish and maintain a reserve account, to be held by Franchisor, as security for Real Estate Affiliate's obligation to pay Expenses. In the event Real Estate Affiliate fails to pay any Expenses as they become due and payable, then, without limiting any other remedies available, Franchisor may draw upon such reserve account for the payment of Expenses, and may require Real Estate Affiliate to deposit additional funds from time to time to replenish such reserve account.

(D) The provisions of this Section 7 and all provisions of this Agreement providing Franchisor with remedies relating to the collection of Expenses shall survive any termination of this Agreement until all Expenses are collected by Franchisor.

**8. Confidential Information and Trade Secrets**. The provisions of Sections 7 and 8 of the Franchise Agreement are hereby incorporated into this Section 8 by reference. Real Estate Affiliate hereby agrees that it shall be bound by such provisions, and shall have all obligations, responsibilities and liabilities of a "Franchise Party" thereunder (whether or not Real Estate Affiliate is a Franchise Party as defined in the Franchise Agreement). The provisions of this Section 8 shall survive any termination of this Agreement.

**9. Default and Termination**. Unless otherwise expressly stated herein, the failure of a party to perform any agreement, covenant, obligation or undertaking as and when provided for or required under this Agreement shall constitute a default by such party under this Agreement.

(A) Curable Defaults. Except as otherwise provided in Sections 9(B) and 9(C), this Agreement may be terminated by either party if either party defaults hereunder and thereafter fails to cure such default within 30 days of receipt of a written notice of such alleged default or, if such default is of such nature that it cannot be completely cured within such 30-day period, the alleged defaulting party fails or refuses to commence the cure of such default within such 30-day period and thereafter fails to proceed with reasonable diligence and in good faith to complete to cure such default.

(i) Remedy for Uncured Default by Franchisor. In the event of an uncured default by Franchisor and termination hereof, Real Estate Affiliate shall be entitled solely to the return of the Expenses, paid to Franchisor by Real Estate Affiliate, and upon return of such Expenses, Real Estate Affiliate shall have no further rights or recourse against Franchisor. In such event Real Estate Affiliate shall be entitled to all reports obtained by Franchisor relating to the Primrose Site during the term of this Agreement.

(ii) Remedy for Uncured Default by Real Estate Affiliate. In the event of an uncured default by Real Estate Affiliate and termination hereof, Franchisor shall be entitled to retain all fees paid to Franchisor to such date and shall be entitled to be paid all Expenses as provided in Section 9(A) and, upon payment of such amount, neither party will have any further obligation under this Agreement and Franchisor shall have no further rights, remedy, or recourse against Real Estate Affiliate, unless the default relates to Section 7 of this Agreement, in which case Franchisor shall have the right to pursue any and all unpaid Expenses.

(B) Non-curable Defaults. Upon the occurrence of an event of default of the Franchise Agreement by Franchisee, which occurs prior to the Closing, Franchisor may declare this Agreement to be immediately terminated and of no further force or effect, and Franchisor shall be entitled to retain all fees paid to Franchisor through the date of termination, and shall be entitled to be paid all Expenses incurred through the date of termination. The right of termination granted by this Section 9(B) is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, all of which are cumulative.

(C) Default Upon Failure to Open. Without limiting any of Franchisor's other rights under this Agreement, Franchisor shall have the right to terminate this Agreement upon notice to Real Estate Affiliate if a Facility is not completed and operating within 20 months after the execution of the Franchise Agreement (if an Acceptable Site was determined prior to the execution of this Agreement) or within 36 months after the execution of the Franchise Agreement (if an Acceptable Site was not determined prior to the execution of this Agreement).

(D) Termination Due to Program Change. If Franchisor and the Franchisee Parties mutually agree to develop the Facility under a different development program (e.g., the Build-to-Suit Developer Lease Program, Permanent Lease Program, or Independent Development Program), if required by Franchisor, upon Franchisor's and Franchisee's execution of the applicable amendment to the Franchise Agreement for such development program, Franchisor and the Franchisee Parties will mutually agree to terminate this Agreement and will execute any documents specifed by Franchisor to memorialize the termination. Franchisor shall be entitled to retain all fees paid to Franchisor through the date of termination and shall be entitled to be paid all Expenses incurred through the date of termination

**10. Standard of Care and Indemnity.**

(A) Due Care. So long as Franchisor and Real Estate Affiliate shall act in good faith in performing and discharging their functions hereunder, Real Estate Affiliate or Franchisor shall not be liable or accountable to the other, in damages or otherwise, for any error of judgment, mistake of fact or of law, or any other act or thing which either may do or refrain from doing in connection with their duties and obligations hereunder, except in the case of its failure to exercise "Due Care." The term "Due Care," for purposes of this Agreement, shall be defined as such standard of care in the conduct of the performance and discharge of its duties and obligations hereunder in good faith, and with reasonable diligence. The provisions of this Section 10(A) shall not extend to monetary defaults.

(B) Indemnification by Real Estate Affiliate. Real Estate Affiliate hereby agrees to indemnify, defend, and hold harmless Franchisor, its current and former affiliates, parents, subsidiaries and related entities, and its and their respective current and former officers, directors, partners, shareholders, employees, assigns, predecessors, successors, representatives and agents, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) arising directly or indirectly, in whole or in part, out of (i) any action taken by Franchisor within the scope of its duties or authority hereunder, excluding only such of the foregoing as results from the negligence or willful misconduct of or breach of this Agreement by Franchisor, its officers, directors, agents and employees, and (ii) the negligence, willful misconduct, acts

or omissions of Real Estate Affiliate or any of its officers, directors and employees in connection with this Agreement or Real Estate Affiliate's activities hereunder.

(C) The provisions of this Section 10 shall survive the expiration or sooner termination of this Agreement.

**11. Dispute Resolution.**

(A) Place of Execution and Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor and Real Estate Affiliate and shall be interpreted and construed under the laws of Georgia, which laws shall prevail in the event of any conflict of law.

(B) Arbitration.

(i) Except solely for actions by Franchisor or Real Estate Affiliate to enforce a final arbitration award, the parties agree that any and all disputes between them or any of their affiliates, and any claim by either party or any of their affiliates that cannot be amicably settled shall be determined solely and exclusively by arbitration in accordance with the rules of the American Arbitration Association ("**AAA**") or any successor thereof. Arbitration shall take place at an appointed time and place in Atlanta, Georgia or, if Franchisor's principal place of business is no longer located in Atlanta, Georgia, then at the office of the AAA nearest to Franchisor's then-current principal place of business. The arbitrators shall not have the right to alter the locale of the arbitration as set forth in the preceding sentence. Each party shall cause its affiliates to abide by the provisions of this Section 11.

(ii) Each party shall select one arbitrator (who shall not be counsel for the party) and the two designated arbitrators shall select a third arbitrator. If either party shall fail to designate an arbitrator within seven days after arbitration is requested, or if the two arbitrators shall fail to select a third arbitrator within seven days after arbitration is requested, then such arbitrator shall be selected by the AAA or any successor thereto upon application of either party. In the event the dispute involves less than $100,000, there shall be only one arbitrator, who shall be selected by the AAA (or any successor thereto). Judgment upon any award of the majority of arbitrators shall be binding and shall be entered in a court of competent jurisdiction. The award of the arbitrators may grant any relief which might be granted by a court of general jurisdiction, including, without limitation, and by reason of, enumeration, award of actual damages and/or injunctive relief, but excluding consequential, punitive, or exemplary damages, and may, in the discretion of the arbitrators, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrators and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrators shall determine.

(C) Court Actions. The parties agree that any actions permitted to be brought hereunder by either party in any court, whether federal or state, shall be limited to actions for equitable, including injunctive, relief and to actions to enforce a final judgment or arbitral award, and may be brought only in the State of Georgia.

(D) Attorneys' Fees. The prevailing party in any litigation under this Agreement shall be entitled to reasonable attorneys' fees and costs.

**12. Option and Right of First Refusal**. Real Estate Affiliate and Franchisee hereby agree that, in addition to all other rights and remedies provided for in this Agreement, upon and at any time after the Closing, Franchisor shall have the following rights with respect to any and all "Business Assets" (as such term is used in the Franchise Agreement and including specifically, but without limitation, the Accepted Site and all real and personal property therein), and that Real Estate Affiliate's and Franchisee's obligations hereunder shall be joint and several and binding on their respective successors and assigns, (for purposes of this Section 12, Real Estate Affiliate and Franchisee are referred to collectively as "**Owner**"):

(A) Option. Franchisor shall have the option to purchase all Business Assets from Owner pursuant to the terms and conditions herein.

(i) Notice. Not earlier than 90 days prior to, nor later than 30 days following, the expiration or termination of the Franchise Agreement for any reason, Franchisor may, at its sole option, give notice to Owner that it intends to purchase the Business Assets from Owner.

(ii) Closing. The closing of any such purchase shall take place at a time and location to be selected by Franchisor; provided, however, that such closing shall not occur any later than 90 days after Franchisor gives the notice described above. If for any reason the closing is delayed beyond the expiration or termination of the Franchise Agreement, Owner shall, if so specifically required by Franchisor, continue to operate the Facility until such closing occurs.

(iii) Conveyance. At such closing, Owner shall convey to Franchisor all Business Assets which Franchisor elects to purchase with all warranties of good and marketable title, free and clear of all liens and encumbrances, except those of which Franchisor notifies Owner in writing prior to closing that Franchisor is willing to assume. Real Estate Affiliate shall execute all documents required by Franchisor, in such form as is approved by Franchisor, in order to consummate such transaction.

(iv) Purchase Price. The gross purchase price for the Business Assets shall be equal to the sum of (i) the average fair market value as determined by three qualified independent appraisers, one selected by Franchisor, the second selected by Franchisee and the third selected by the other two appraisers (net of all liens and/or encumbrances which the Business Assets shall be conveyed subject to), of the real property and improvements thereon included in the Business Assets, if any, plus (ii) the lesser of Owner's depreciated cost or fair market value of Owner's personal property (if any) included in the Business Assets (with fair market value of personal property determined in the same manner as in (i) above). For purposes of the determination by such appraisers of the fair market value of the real property and improvements thereon included in the Business Assets, such fair market value shall be the amount of cash which would be realized by Owner if such real property and improvements were sold by a willing seller to a willing buyer to be used as a Facility as contemplated in the Franchise Agreement and for no other purpose. Any determination of the fair market value of the Business Assets shall not include any business goodwill factor.

Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any sums owing, as of the date of the closing, from Owner and any of its or their affiliates to Franchisor and any of its affiliates under or in

connection with the Franchise Agreement or any other agreements to which Franchisor or any of its affiliates and Owner or any of its or their affiliates are parties, (ii) any sums expended by Franchisor to cure any defaults by Owner under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the Business Assets, (iii) all reasonable expenses of Franchisor incurred in negotiating and effecting the purchase of any of the Business Assets (including all attorneys' fees and other expenses); and (iv) any management fees to which Franchisor is entitled pursuant to Section 12(A)(v) below.

(v) Management of Facility. If Franchisor notifies Owner of Franchisor's intent to exercise the purchase option set forth in this Section 12(A), then Franchisor shall have the right, but not the obligation, to manage the Facility for the period commencing with the expiration or termination of the Franchise Agreement until closing. Franchisor shall be entitled to a management fee equal to 5% of Gross Revenues for the period during which Franchisor operates the Facility, plus reimbursement of Franchisor's out-of-pocket expenses. Owner and Franchisor intend that claims resulting from Franchisor's management of the Facility shall be subject to indemnification by Franchisee as provided in Section 18.9 of the Franchise Agreement.

(B) Right of First Refusal. Franchisor shall have a right of first refusal to purchase all Business Assets from Owner pursuant to the terms and conditions herein.

(i) Option. If Owner shall at any time decide to sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber (i) any or all of the Business Assets (including without limitation the Facility), except in the ordinary course of operating the business of the Facility in accordance with the System, or (ii) any of the Interests described in Section 19.2(b) of the Franchise Agreement, it shall first obtain a bona fide written offer from a legitimate and fully disclosed purchaser and shall submit a true, correct and complete copy of such offer to Franchisor. Franchisor may withhold its consent to any such transaction as provided for in Section 19 of the Franchise Agreement, if applicable, or shall have the option, exercisable within 30 days after its receipt of such entire offer, to purchase such assets or Interests on the same terms and conditions offered by or to the purchaser; provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Owner shall not permit any such offer to include any assets other than those used in the operation of the business of the Facility in accordance with the System.

(ii) Purchase Price Deductions. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any real estate or brokerage commission which Franchisor or its designated purchaser is required to pay, (ii) any sums owing, as of the date of the closing, from Owner and any of its or their affiliates to Franchisor and any of its affiliates under or in connection with the Franchise Agreement or any other agreements to which Franchisor or any of its affiliates Owner or any of its or their affiliates are parties, (iii) any sums expended by Franchisor to cure any defaults by Owner and any of its or their affiliates under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the assets of the franchise.

(iii) Closing. The closing of Franchisor's exercise of such right of first refusal option shall occur within 90 days after Franchisor's election of such option. Owner shall transfer and deliver all of such assets or Interests to Franchisor free and clear of all liens, with all warranties of title and otherwise as shall be required by Franchisor.

(iv) Franchisor's Failure to Exercise ROFR. If Franchisor does not exercise the right of first refusal set forth in this Section 12(B), the offer may be accepted by Owner, and subject to the prior written approval of Franchisor, as provided in Section 19 of the Franchise Agreement. If any such proposed sale or transfer is not consummated within three months of the date of such initial written offer, Franchisor shall again have the right of first refusal herein described.

(C) Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement or in the Franchise Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 12 to any other person or entity.

(D) Survival. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

**13. Miscellaneous.**

(A) Entire Agreement. This Agreement supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained in this Agreement, and this Agreement contains the sole and entire agreement between the parties with respect to the transactions contemplated by this Agreement. Notwithstanding the foregoing, nothing in this Agreement is intended to disclaim the express representations made in Franchisor's Franchise Disclosure Document, its exhibits, and its amendments.

(B) Notices. All notices, requests, demands, tenders and other communications required or permitted under this Agreement shall be in writing and shall be duly given if delivered, mailed (certified or registered, postage prepaid) or sent by overnight courier service to each other party at that party's address for the giving of notices as provided in accordance with the Franchise Agreement. Any party may change its or their mailing address by giving notice to the other parties in the manner provided therein.

(C) Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but that waiver will be effective only if evidenced by a written document signed by such party. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy.

(D) Force Majeure. Neither Real Estate Affiliate or Franchisor shall be deemed in default of any obligation hereunder if either one is unable to perform or discharge such obligation on account of force majeure (as defined herein). As used herein, the term "***force majeure***" shall mean, without limitation, the following: acts of God, strikes, walkouts or other industrial disturbances, order of the United States or the state in which the Facility is to be located or of any other departments, agencies, or officials of any civil or military authority of the United States or the state in which the Facility is to be located, or any political subdivision of either; insurrections; riots; civil disturbances; explosions; delays

with regard to transportation of materials; or any other cause or event not reasonably within the control of Franchisor or Real Estate Affiliate, as applicable, and not caused by Franchisor or Real Estate Affiliate, as applicable, including decisions or delays caused by homeowners, or city, county, state or federal agencies, departments or officials.

(E) No Obligation to Third Parties. None of the responsibilities and obligations of Franchisor under this Agreement shall in any way or in any manner be deemed to create any liability of Franchisor to, or any rights in, any person or entity other than Real Estate Affiliate.

(F) Successors and Assigns. This Agreement may not be assigned by Real Estate Affiliate without the prior written consent of Franchisor. Except as otherwise herein provided, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(G) Transfer of Real Estate. Real Estate Affiliate shall not, without Franchisor's prior written consent and subject to Franchisor's rights under Section 12, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber or allow to be encumbered (collectively, a "**Transfer**") to any person, firm or entity, all or any part of its interest in or to any part of the real property constituting the Accepted Site or the Facility (collectively, the "**Real Property**"). Franchisor shall not unreasonably withhold, condition or delay its consent to a Transfer provided that the following conditions shall first be met to the full satisfaction of Franchisor: (i) all accrued monetary obligations of Real Estate Affiliate to Franchisor shall be satisfied; (ii) Franchisee is not in default under the Franchise Agreement and Real Estate Affiliate is not in default under this Agreement; and (iii) the transferee(s), including all shareholders, officers, directors, managers, members and partners of the transferee(s), shall jointly and severally execute any standard ancillary agreements with Franchisor (including, without limitation, the Option and Right of First Refusal and the Memorandum of Acquisition Rights) on forms acceptable to Franchisor in its sole discretion; and (iv) Real Estate Affiliate shall execute a termination and general release of Franchisor in a form acceptable to Franchisor in its sole discretion terminating this Agreement and releasing Franchisor and its affiliates and their respective officers, directors, agents and employees from and against any and all claims Real Estate Affiliate may have against them. Any purported Transfer without the foregoing consent shall be null and void and constitute a default hereunder.

(H) Limited Liability. Real Estate Affiliate hereby acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor shall have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Real Estate Affiliate and Franchisor, or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

(I) Guarantee and Cross-Default. Franchisee joins this Agreement and agrees to the provisions of Section 9(B) relating to cross default and further guarantees to Franchisor the performance of Real Estate Affiliate's obligations under this Agreement.

(J) Information. By execution of this Agreement, Real Estate Affiliate authorizes Franchisor to divulge personal financial information concerning Real Estate Affiliate and the development of the Facility to third parties if it is necessary to do so in the conduct of

Franchisor's business or in the performance of this Agreement. Upon Franchisor's request, Real Estate Affiliate must promptly provide copies of final agreements and change orders related to the development of the Facility and documentation of the final construction and development expenses incurred by Real Estate Affiliate.

(K) Survival. The provisions of Sections 7, 8, 10 and 12 shall survive any expiration or termination of this Agreement.

(L) Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(M) Severability. If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection with this Agreement is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Agreement.

(N) Time of Performance. Time is of the essence with respect to performance of this Agreement.

(O) Franchise Agreement Defined Terms. All capitalized terms not defined herein shall have the meanings given to them in the Franchise Agreement. In the event of any conflict or inconsistency between the provisions of the Franchise Agreement, on one hand, and the provisions of this Agreement or any other agreement of the parties entered into pursuant hereto, on the other hand, then the former shall govern and control.

(P) Delegation. Franchisor has the right, in its sole discretion, to delegate the performance of all of (or any portion of) its rights and obligations or liabilities under this Agreement to designees, whether they are its affiliates, agents, or other independent contractors. Despite any such delegation, Franchisor shall remain solely responsible to Franchisee for any of Franchisor's obligations or liabilities under this Agreement.

[Signature Page Follows]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement as of the Effective Date.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By:_____
Name: _____
Title: _____

**REAL ESTATE AFFILIATE:**

**[INSERT ENTITY NAME]**

By:_____
Name: _____
Title: _____

Franchisee joins this Agreement and agrees, without limitation, to the provisions of Section 9(B) relating to cross default and Section 12 relating to Franchisor's option and right of first refusal, and further guarantees to Franchisor the performance of Real Estate Affiliate's obligations under this Agreement:

**FRANCHISEE:**

**[INSERT ENTITY NAME]**

By: _____
Name: _____
Title:_____

# Exhibit H
# to
# Franchise Disclosure Document

**ADDITIONAL REAL ESTATE AGREEMENTS**

**(current forms, which are subject to change)**

# Exhibit H.1
# to
# Franchise Disclosure Document

**SUBORDINATION AGREEMENT**

**(attached)**

## SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made and entered into as of the _____ day of _____, 20__, by and among, _____ (the "Lender"), **PRIMROSE SCHOOL FRANCHISING SPE, LLC** ("Primrose"), _____, a _____("Borrower"), _____, a _____ d/b/a **PRIMROSE SCHOOL OF/AT** _____ ("Franchisee"); and _____ (collectively "Guarantor").

W I T N E S S E T H:

Borrower owns certain land in _____ County, _____ more particularly described in Exhibit "A," attached hereto and incorporated herein by reference. Said land, together with all improvements and fixtures now or hereafter located thereon, all appurtenances thereto and all other property owned by Borrower located thereon and encumbered by the Loan Documents described below are hereinafter collectively referred to as the "Property."

Lender is making loans to Borrower (and Franchisee, as co-borrower) (collectively, the "Loan"), evidenced by promissory notes in the total face principal amount not to exceed $_____ and secured, in whole or in part, by deeds of trust (collectively, the "Security Deed"), assignments of leases and rents, and various related instruments in connection with the Loan, all of which encumber or relate to the Property, which are dated on or about this date and are herein collectively referred to as the "Loan Documents". The Loan is guaranteed by the Guarantor.

Primrose, Borrower and Franchisee have entered into that certain Franchise Agreement of even date herewith (the "Franchise Agreement"), pursuant to which Primrose has certain rights with respect to the Property (the "Acquisition Rights"). Pursuant to the terms of the Franchise Agreement, Borrower has executed and delivered to Primrose, a Memorandum of Acquisition Rights in connection with the Acquisition Rights (the "Memorandum of Acquisition Rights"), and Franchisee has executed and delivering to Primrose a Collateral Assignment of Tenant's Interest in Lease (the "Collateral Assignment"), both of which have been filed of record (or shall be filed of record) in the same real property records as the Loan Documents.

Lender requires that it receive a first priority security interest, prior and superior to the Acquisition Rights, and Primrose is willing to subordinate the Acquisition Rights and Memorandum of Acquisition Rights and certain other rights granted to Primrose in the Collateral Assignment but only on the terms and conditions set out herein. Lender is willing to agree to the terms and conditions set out herein below in order to induce Primrose to subordinate the Acquisition Rights to the Loan Documents and approve the Loan Documents, as required under the Franchise Agreement.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the closing of a financing as generally outlined above, the parties hereby covenant and agree as follows:

1. Subordination. Primrose and Lender agree that the Loan Documents shall be prior and superior to the Acquisition Rights, Memorandum of Acquisition Rights, Collateral Assignment and all other documents executed to Primrose with respect to the Property ("Primrose Collateral Documents"), with the same force and effect as though the Loan Documents were executed and

recorded prior to the date of execution and recordation of the Primrose Collateral Documents. Accordingly, Primrose hereby subordinates and makes its rights under the Primrose Collateral Documents inferior to the right, title and interest of Lender under the Loan Documents as to the Property. Lender acknowledges and consents to the terms of the Primrose Collateral Documents and agrees that the existence of the Primrose Collateral Documents shall not constitute a default under the Loan Documents, and the Primrose Collateral Documents shall remain in full force and effect as to the Property, but shall be second-in-priority behind the Loan Documents. The terms of this Subordination Agreement shall control in the event of any conflict or inconsistency between any term hereof and any term of the Loan Documents, and are hereby incorporated by reference into the Security Deed and other Loan Documents.

2. Modification of Security Documents. Lender agrees that, so long as the Primrose Collateral Documents remain in force, the Loan Documents will secure only the notes designated therein and no further advances (except for advances to pay any past due taxes or insurance premiums or to pay any other amounts paid to protect the Property, or advances under the construction loan in accordance with the loan documents), shall be made to Borrower without Primrose's prior written consent.

3. Notice of Default to Primrose; Rights of Primrose on Default. In the event of a monetary default under the Loan Documents or a default which would otherwise give the Lender the right to accelerate the Loan then, prior to acceleration, Lender will notify Primrose in writing of the nature of such default, and Primrose will thereupon have the following options and rights, in addition to any other rights available at law or in equity:

(a) Notice and Right to Cure. To cure or cause a cure of the default within ten (10) days in the case of a default consisting of the failure to make a payment of money to Lender, or fifteen (15) days or such longer period as is reasonable under the circumstances in the case of other defaults, from the date all cure periods under the Loan Documents have elapsed, Lender hereby agreeing to accept such cure. Any and all costs and expenses incurred by Primrose in effecting any cure shall be deducted from the purchase price payable to Borrower in the event Primrose purchases the Property under the Acquisition Rights, as set out in the Acquisition Rights. In the event such default is cured within said period, to the extent the indebtedness under the Loan Documents has been accelerated as a result of said default, the indebtedness shall be reinstated by Lender, so as to be payable upon the same terms and conditions in effect prior to said default. However, if Primrose fails to cure or cause a cure within such time, any default-related action previously taken by Lender shall continue in effect as of the date instituted; or

(b) Acquisition of Loan Documents. At any time after the default notice and prior to fifteen (15) days before the consummation of a foreclosure sale or sale under power of sale pursuant to the Security Deed, Primrose shall have the right and option (but no obligation whatsoever) to purchase the Loan Documents and any guarantees (except for SBA guarantees, if applicable), agreements and collateral securing same for an amount equal to the outstanding principal balance plus all accrued but unpaid interest, late charges, default interest and any actually incurred reasonable attorneys' fees of Lender's counsel. Upon notice from Primrose to Lender of Primrose's exercise of its right to purchase the Loan Documents and payment of the sums required hereby, the note secured by the Security Deed will be endorsed by Lender to Primrose without recourse or warranty and all the Loan Documents, including, without limitations, any and all guarantees, agreements or collateral, will be assigned by Lender to Primrose without

recourse or warranty except that the Lender shall warrant: (i) that it holds title to the aforesaid note and the other Loan Documents free and clear of any lien, claim or participation interest, (ii) that it has the right and power to assign and convey such documents, and (iii) the amount of the principal and interest balance under the Loan Documents on the date of transfer. The original documents purchased and the Lender's title insurance policy shall be delivered to Primrose at the closing of the purchase, and, in addition, if Primrose desires to obtain any other documents which have been provided to Lender by Borrower or by third parties relating to the Property or to the Loan, then, provided that such documents remain in the possession of Lender or are readily available to Lender, Lender will deliver such documents to Primrose at said closing. After the sale of the Loan Documents to Primrose is completed in accordance with the terms of this Paragraph, Primrose shall, and hereby agrees to, indemnify and defend Lender from and against any and all claims, demands, suits or actions in connection with the Loan which arise out of matters or circumstances occurring in connection with, or subsequent to, Primrose's acquisition of the Loan Documents.

4. Exercise of Acquisition Rights. In the event Primrose acquires title to the Property from Borrower as a result of exercising the Acquisition Rights (in its sole discretion), then Primrose shall either satisfy or assume the Loan.

5. Non-Disturbance and Attornment. Lender hereby agrees that, in the event Primrose exercises its rights under the Collateral Assignment and becomes the tenant under the lease of the Property between Borrower and Franchisee, as such lease may be modified pursuant to the terms of the Collateral Assignment (the "Lease"), then, so long as the Loan is (or is brought) current, and Primrose thereafter complies with and performs its obligations under the Lease: (a) Lender will take no action which will interfere with or disturb Primrose's possession or use of the Property or other rights under the Lease, and (b) in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, the Property shall be subject to the Lease and Lender shall recognize Primrose as having the right to occupy the Property for up to 360 days from the date Primrose takes possession as herein provided; provided, however, that Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which Primrose might have against any prior landlord, nor shall Lender be bound by any rent or additional rent which Primrose might have paid for more than the current month to any prior landlord, nor shall it be bound by any amendment or modification of the Lease (other than an amendment pursuant to the Collateral Assignment) made without its consent, nor shall it be construed as Primrose having assumed the Lease, with Primrose being liable for lease payments only for the term that it, in fact, occupies the Property, with Primrose having no obligation to occupy the Property unless it so elects. Primrose does hereby agree with Lender that, in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and Primrose becomes the tenant under the Lease pursuant to the Collateral Assignment, then Primrose shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term that it occupies the Property, and Primrose shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease and the Collateral Assignment, provided however if the Lease payment is less than the monthly payment due on the Loan, the monthly rental payment shall be equal to the monthly Loan payment. Lender consents to the terms of the Collateral Assignment and agrees to be bound thereby in the event it becomes the landlord under the Lease. Provided however, notwithstanding any other provision set out herein, Primrose shall have no right to occupy the Property for a period in excess of 360 days from the date it takes possession unless Lender and Primrose agree in writing to Primrose's occupancy beyond such period, and the Lease shall become null and void. The parties hereto agree that in the event Primrose takes possession of the Property as

contemplated by this paragraph 5, all rental payments due under the Lease shall be made by Primrose directly to Lender, pursuant to Lender's security interest in the Property (regardless of whether Lender has foreclosed on the Property), and applied against amounts due under the Loan.

6. Loan Information. Lender shall, upon inquiry, provide Primrose with the name, address and telephone number of the officer of Lender having responsibility for the administration of its loan to Borrower. Lender and Primrose shall be free to confer with one another from time to time either orally or in writing with regard to the Property, Borrower, Franchisee and Guarantor. Lender agrees to provide Primrose with such information and copies of documentation regarding the Loan as may be reasonably requested by Primrose.

7. Miscellaneous. The agreements contained herein shall continue in full force and effect until either all of Borrower's obligations and liabilities to Lender are paid and satisfied in full or the Acquisition Rights and Collateral Assignment have terminated and Franchisee's obligations to Primrose under the Franchise Agreement have expired. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns, and personal representatives of the parties hereto.

8. Borrower Execution. Borrower, Guarantor and Franchisee have executed and entered into this Agreement for the purpose of consenting and agreeing to the terms and conditions set forth herein, and to all actions of Lender and Primrose contemplated herein.

9. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses thereto ("Communication") permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon the earlier of: (i) being personally delivered, or (ii) three (3) days after being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any Communication must be given shall commence on the date of receipt thereof; and provided further that no notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received also constitutes receipt. Any communication, if given to Primrose, shall be addressed as follows:

Mr. Steven A. Clemente, President
Primrose School Franchising SPE, LLC
3200 Windy Hill Road SE, Suite 1200E
Atlanta, Georgia 30339

with a copy to:

_____
_____
_____

and, if given to Lender, shall be addressed as follows:

_____
_____
_____

and, if given to Borrower, Guarantor or Franchisee, shall be addressed as follows:

_____
_____
_____

10. Joint and Several Obligations. The obligations of Borrower, Guarantor and Franchisee hereunder shall be the joint and several obligations of such parties.

11. Lender not a Joint Venturer or Partner. Nothing herein shall be construed to create a partnership or joint venture to create a partnership or joint venture between Lender and Borrower and/or Franchisee and/or Primrose.

[Signatures on following pages]

**IN WITNESS WHEREOF**, the parties hereto have executed this Subordination Agreement under seal as of the date first above written.

Signed, sealed and delivered in the presence of:

**LENDER:**

_____

_____

_____

Unofficial Witness

By: _____

Title: _____

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**FRANCHISEE:**

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**PRIMROSE:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

_____

By: _____

Unofficial Witness

Title: _____

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of Primrose School Franchising SPE, LLC, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**BORROWER:**

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**GUARANTOR:**

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

EXHIBIT “A”
TO
SUBORDINATION AGREEMENT

[Legal description of Property]

# Exhibit H.2
# to
# Franchise Disclosure Document

**ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT**

**(attached)**

## ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT ("**Assignment**") is made by and between _____ ("**Seller**"), PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company ("**Assignor**") and _____, ("**Assignee**").

### RECITALS:

A. Seller and Assignor have entered into an agreement for the purchase and sale of real estate dated _____, ("**Agreement**").

B. Assignor desires to assign, and Assignee desires to assume, all of Assignor's interest in the Agreement, including specifically, but without limitation, the Earnest Money (as defined below), for and in consideration of the sum of _____ and No/100 Dollars ($_____.00) ("**Assignment Fee**") and subject to such other terms and conditions as set forth in that certain Real Estate Development Agreement between Primrose School Franchising SPE, LLC and Assignee dated _____ (the "**Development Agreement**").

NOW, THEREFORE, in consideration of the premises, conditions and consideration contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignor hereby ASSIGNS, TRANSFERS and DELIVERS to Assignee, its successors and assigns, TO HAVE AND TO HOLD, all rights, title, interests and estate of Assignor as purchaser in, to and under the Agreement including, without limitation, any earnest money thereunder (the "**Earnest Money**"). Such Assignment is made by Assignor to Assignee without any representations or warranties whatsoever in regard to the Agreement or the real and personal property therein described (collectively, the "**Property**"), INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY, THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES OR OTHER CONTAMINANTS, THE MANNER, QUALITY, STATE OF REPAIR, OR LACK OF REPAIR OF THE PROPERTY, OR THE PROFITABILITY, HABITABILITY OR MARKETABILITY OF THE PROPERTY, OR THE SUITABILITY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE. ASSIGNEE ASSUMES FULL RESPONSIBILITY FOR INSPECTING THE PROPERTY AND FOR ASCERTAINING WHETHER IT WISHES TO PROCEED WITH CLOSING THE TRANSACTION CONTEMPLATED BY THE PURCHASE AGREEMENT. ASSIGNOR WILL DELIVER TO ASSIGNEE THAT INFORMATION RELATING TO THE PROPERTY OBTAINED BY ASSIGNOR AS SPECIFIED IN THE DEVELOPMENT AGREEMENT, BUT ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF ANY INFORMATION DELIVERED TO ASSIGNEE AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. Assignee does hereby accept the within Assignment without any warranty or representation whatsoever, express or implied, and subject to the terms and conditions set forth herein.

2. Assignee, as of the effective date of this Assignment, hereby assumes and agrees to perform all of Assignor's covenants, liabilities and obligations to be performed under the Agreement, and whether the same relate to the period prior to, on, or after the effective date of this Assignment, and to indemnify and hold Assignor harmless for any liability for performance or nonperformance of the duties, liabilities and obligations assumed by Assignee.

3. Seller hereby consents to this Assignment and agrees to look solely to Assignee for the performance of the Agreement, and releases Assignor from any obligations under said Agreement.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors and assigns, and it is agreed that a faxed signature shall be acceptable to all parties hereto in lieu of the original of any such signature.

5. Assignee and Seller hereby acknowledge and agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Assignor shall have any liability for (i) any of Assignor's obligations or liabilities relating to or arising from this Assignment, (ii) any claim against Assignor based on, in respect of, or by reason of, the relationship between Assignee or Seller and Assignor, or (iii) any claim against Assignor based on any alleged unlawful act or omission.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Assignor, Assignee and Seller have executed this Assignment on the dates written below, with the effective date of this Assignment being the date on which the Assignor, Assignee, and Seller have executed the Assignment ("**Effective Date**").

**ASSIGNOR:**

PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company

BY: _____

NAME: _____

TITLE: _____

DATE EXECUTED: _____

(CORPORATE SEAL)

**ASSIGNEE:**

BY: _____

NAME: _____

TITLE: _____

DATE EXECUTED: _____

(CORPORATE SEAL)

**SELLER:**

BY: _____

NAME: _____

TITLE: _____

# Exhibit H.3
# to
# Franchise Disclosure Document

**MEMORANDUM OF ACQUISITION RIGHTS**

**(attached)**

## MEMORANDUM OF ACQUISITION RIGHTS

THIS MEMORANDUM OF ACQUISITION RIGHTS is made this _____ day of _____, 20__, by and among _____, a _____d/b/a PRIMROSE SCHOOL OF _____ ("**Franchisee**"), _____, a _____ ("**Property Owner**"), and PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company, located at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 ("**Franchisor**").

W I T N E S S E T H:

Franchisee, Property Owner and Franchisor have entered into that certain Primrose School Franchise Agreement of even date (the "**Franchise Agreement**"), pursuant to which Property Owner and Franchisee have granted Franchisor or its designee certain limited rights to acquire the real property described on Exhibit "A" attached hereto (including buildings and improvements thereon, the "**Property**"), which rights are further modified by that certain Addendum to Primrose School Franchise Agreement of even date herewith (the "**Addendum**").

This Memorandum has been executed and delivered for the purpose of giving notice of Franchisor's or its designee's limited acquisition rights with respect to the Property. It is intended for notice purposes only. Reference must be made to the Franchise Agreement, as modified by the Addendum, for the full terms and provisions of Franchisor's or its designee's acquisition rights with respect to the Property.

This Memorandum will terminate ninety (90) days after the termination of the Franchise Agreement, whether by expiration or earlier termination, which termination shall be (i) if the Franchise Agreement is not renewed, no later than ten (10) years from the date of the Franchise Agreement or (ii) if the Franchise Agreement is renewed, no later than thirty (30) years from the date of the Franchise Agreement.

[SIGNATURES START ON NEXT PAGE]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement under seal as of the date first above written.

Signed, sealed and delivered in the presence of:

**FRANCHISEE:**

_____

_____

_____

Unofficial Witness

By: _____

Title: _____

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**PROPERTY OWNER:**

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**(signatures continued on next page)**

**(continued from previous page)**

Signed, sealed and delivered in the presence of:

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

_____ By: _____

Unofficial Witness Title: _____

(Corporate Seal)

State of _____ )

County of _____ )

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of Primrose School Franchising SPE, LLC, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

**Exhibit A**
**to**
**Memorandum of Acquisition Rights**

**LEGAL DESCRIPTION OF PROPERTY**

# Exhibit H.4
# to
# Franchise Disclosure Document

**COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE**

**(attached)**

## COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

**THIS COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE** (this "**Collateral Assignment**") is entered into by and among _____, a(n) _____ ("**Assignor**"), and **PRIMROSE SCHOOL FRANCHISING SPE, LLC**, a Delaware limited liability company ("**Assignee**"), and _____, a(n) _____ ("**Landlord**"), this _____ of _____, 20__;

**W I T N E S S E T H:**

**WHEREAS**, Assignor and Assignee have entered into that certain Franchise Agreement, dated _____ (the "**Franchise Agreement**"), with respect to the operation of a "**Facility**" (as defined in Section 1.1 of the Franchise Agreement) by Assignor. Assignor wishes to operate its Facility at certain premises owned by Landlord. Pursuant to Section 3.4 of the Franchise Agreement, the form of any lease agreement for a Facility must be approved by Assignee in writing prior to the execution of such lease.

**WHEREAS**, Assignor and Landlord have entered into that certain lease agreement dated _____ (the "**Lease**"), with respect to the premises, as more particularly described therein (the "**Premises**"), for the operation of a Facility by Assignor;

**WHEREAS**, Assignee desires, as a condition to approving the Lease and making various accommodations to Assignor under the Franchise Agreement, to be granted this Collateral Assignment and the protections contained herein, which are intended to, among other things, enable Assignee to continue the operation of a Facility on the Premises notwithstanding any termination of the Franchise Agreement.

**WHEREAS**, Assignor and Landlord wish to enter into this Collateral Assignment in order to induce Assignee to approve the Lease and the Premises and, in the instance of Assignor, in order to induce Assignee to provide to Assignor various other accommodations and approvals under the Franchise Agreement.

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the mutual covenants contained herein and in the Franchise Agreement, the sum of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Landlord and Assignee agree as follows:

1. Collateral Assignment. Assignor hereby grants, transfers, mortgages and assigns to Assignee all of Assignor's right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof (including, without limitation, any renewals or extensions thereof as set forth in Section 5.b hereof) and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease, subject to the limitations and conditions herein provided. Assignor and Landlord warrant and represent that a true, accurate, current and complete copy of the Lease has been delivered to Franchisor.

2. Purpose of Assignment. This Collateral Assignment is given as collateral for the purpose of securing the performance and discharge by Assignor of each and every obligation, covenant, duty and agreement contained in (i) this Collateral Assignment, (ii) the Franchise Agreement, and (iii) any other agreement entered into by and between Assignee and Assignor or its principals or affiliates or any related party, including without limitation any promissory note,

deed to secure debt or other evidence of, or collateral for, any indebtedness or any other obligation in any way related to the Franchise Agreement (all such obligations described in this Section 2 being hereinafter collectively referred to as the "**Obligations**"). Assignee hereby grants to Assignor a license to possess, use and enjoy the Premises as the tenant under the Lease, such license to be automatically revoked upon Assignee exercising its rights under Section 4 hereof, if such rights are exercised as provided.

3. Covenants of Assignor and Landlord. Assignor and Landlord covenant with Assignee to observe and perform all of the obligations imposed upon them under the Lease and not to do or permit to be done anything to impair the existence and validity of the Lease or the security of Assignee hereunder; and not to execute or permit any other sublease or assignment of the tenant's interest under the Lease; and not to modify or amend the Lease in any respect without Assignee's prior written consent.

4. Default. Upon or at any time after default in the performance of any of the Obligations, or default under any of the agreements underlying the Obligations (including, but not limited to, the Franchise Agreement), or default by Assignor under the Lease, Assignee may, at its option, without in any way waiving such default, upon five (5) days' notice to Assignor and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises pursuant to the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as herein provided. Assignor shall indemnify and hold Assignee harmless from and against, and Landlord hereby releases Assignee from, any and all claims, actions, damages, and expenses (including, without limitation, attorneys' fees) arising (i) out of Assignor's failure to perform under the Lease or any breach by Assignor of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to Assignee's taking possession of the Premises pursuant to this Section 4. The exercise by Assignee of the option granted it in this Section 4 shall not be considered a waiver by Assignee of any default by Assignor under the Obligations or under the Lease, and shall not be deemed to be an assumption of the Lease by Assignee. It being acknowledged that Assignee shall only be liable to Landlord for rental payments accruing under the Lease during the time period Assignee elects to occupy the Premises, and fulfilling during such occupancy, Tenant's obligations in regard to the payment of taxes, insurance, and ongoing maintenance obligations under such Lease, and the payment of any common area maintenance obligations, if any, and only if Assignee provides notice to Landlord and Assignor of the exercise of the option pursuant to the provision of this Section 4.

5. Landlord's Agreements.

a. Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by Assignor under the Lease, Landlord will give Assignee written notice thereof and permit Assignee to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Section 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment) on a month to month basis, for a total time period not to exceed three hundred sixty (360) days ("**Occupancy Period**"), which occupancy rights if exercised shall not be deemed or construed as an assumption of the Lease, and being terminable upon thirty (30) days' notice to Landlord. Landlord agrees that Assignor, and not Assignee or its sublessees or assigns, shall be responsible for all obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by Assignee. This Collateral Assignment is hereby incorporated by reference into the Lease and

shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby.

b. Franchise Materials. Upon the termination of the Lease for any reason, Landlord will at no expense to Landlord provide access to the Premises for the purpose of Assignee retrieving any and all materials which the Assignor is required to return to Assignee under the Franchise Agreement, including, without limitation, the Assignee School Confidential Operations Manual(s) and any other confidential information and trade secret information of Assignee, as defined in the Franchise Agreement. Landlord acknowledges Assignee's ownership rights in such materials and agrees that Landlord is not entitled to retain such materials as its property.

c. Franchise Improvements. Upon the termination of the Lease for any reason, Assignee shall be entitled, within fifteen (15) days after any such termination, to delete or remove any signs and other improvements containing the trademarks, service marks, symbols, logos, emblems and other distinctive features of the Primrose School system, so long as Assignee promptly repairs, at its sole expense, any damage caused thereby.

d. Subleasing; Miscellaneous. Notwithstanding any provision of the Lease, Landlord agrees that Assignee may sublease or assign all or any of its interest in the Lease to a Franchisee of Assignee which meets Assignee's qualifications ("**Qualified Franchisee**") for a time period not to exceed the Occupancy Period. Provided however, such Qualified Franchisee, upon notice to Landlord, shall have the right, upon written notice to Landlord, to assume the Lease for the remainder of the existing Lease term, including the right to exercise any option terms under the Lease. If Assignee elects to occupy the Premises as described in the Lease, upon taking possession of the Premises under Section 4 hereof, Assignee shall, pursuant to the Tenant's rights and obligations under the Lease, have the full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof to the extent, allowed under the Lease.

6. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the State where the Premises are located.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned parties have hereto set their hands and affixed their seals on the date and year first above written.

**ASSIGNOR:**

_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____, and who, upon oath, acknowledged that _____ is the _____ of _____, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed for the purposes therein contained, in its name by _____ as its _____.

Witness my hand and official stamp this _____ day of _____, 201_.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

**ASSIGNEE:**
PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

State of Georgia,

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he is the _____ of Primrose School Franchising SPE, LLC, a Delaware limited liability company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

**LANDLORD**:
_____, a
_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he/she is the _____ of _____, and that by authority duly given and as the act of the _____, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

# Exhibit H.5
# to
# Franchise Disclosure Document

## RENT GUARANTEE AGREEMENT

**THIS RENT GUARANTEE AGREEMENT** (the "**Agreement**") is made and entered into as of _____, 202__, by and between **PRIMROSE SCHOOL FRANCHISING COMPANY LLC** ("**Primrose**") and [OPERATING ENTITY] ("**Franchisee**").

## R E C I T A L S:

A. PRIMROSE SCHOOL FRANCHISING SPE, LLC ("**Franchisor**") and Franchisee have entered into that certain Franchise Agreement, dated [FA DATE] (the "**Franchise Agreement**"), pertaining to the construction and operation of a PRIMROSE school at [DEVELOPMENT AREA] (the "**Facility**").

B. _____ and _____, the owners of Franchisee ("**Guarantors**"), have entered into a Payment and Performance Guarantee in which they guaranteed to Franchisor and its affiliates the payment and performance when due of all of Franchisee's obligations and liabilities under the Franchise Agreement and any other agreement between Franchisee and Franchisor or its affiliates (the "**Guarantee**").

C. Primrose and Franchisor are affiliated entities. Primrose has agreed to provide limited rent guarantees to certain franchisees of Franchisor in certain circumstances.

D. Franchisee desires to rent the premises at which the Facility will be located and Primrose has agreed, upon the terms and conditions described in this Agreement, to enter into a Limited Rent Guarantee (the "**Rent Guarantee**") in which it will guarantee a portion of the rent due under the lease for such premises (the "**Lease**") to the owner thereof (the "**Property Owner**").

NOW, THEREFORE, for and in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Representations and Warranties. Franchisee represents and warrants that it has delivered to Primrose (a) true and correct copies of the proposed Lease for the Facility premises and any other related agreements, (b) true and correct copies of any other documents reasonably requested by Primrose, and (c) any other documents or information of which Franchisee is aware that would reasonably be considered material to Primrose's evaluation of the Lease, the premises, and the proposed Rent Guarantee. In all of its communications with Primrose or Franchisor regarding the premises, Franchisee represents and warrants that it has not made any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading

2. Execution of Rent Guarantee. In reliance on the information provided by Franchisee, Primrose will execute a Rent Guarantee in a form provided by Franchisor.

3. Consideration and Repayment. Prior to the execution of the Rent Guarantee, Franchisee shall pay to Primrose the sum of $xx,xxx [5% of estimated guarantee amount] (the "**Rent Guarantee Fee**"), which upon payment shall be fully earned and non-refundable. Franchisee agrees that it shall reimburse Primrose upon demand for any payments Primrose makes under the Rent Guarantee, together with interest from the date such payment is made by Primrose through the date Franchisee reimburses Primrose at the lesser of 18% per annum or the maximum rate of interest allowed at law.

4. Notices. Franchisee shall provide Primrose with copies of any notices of default or termination notices that it receives from Property Owner within two business days of its receipt of such notice.

5. Cross-Default. Franchisee acknowledges that any breach of this Agreement or the representations and warranties contained herein shall be considered an event of default under Section 17.1(u) of the Franchise Agreement.

6. Applicability of Guarantee. Guarantors acknowledge that the Guarantee shall apply to Franchisee's obligations and liabilities under this Agreement.

7. Miscellaneous.

a. Entire Agreement. This Agreement constitutes the full and complete understanding and agreement of the parties related to the Rent Guarantee, supersedes all prior understandings and agreements, and cannot be changed or modified orally.

b. Dispute Resolution and Applicable Law. Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement are hereby incorporated herein by reference and will be applicable to any and all disputes between the parties, as if Primrose was the "Franchisor" in such Franchise Agreement.

c. Execution of Multiple Counterparts. This Agreement may be executed in counterparts by facsimile or electronic transmission, all of which counterparts shall be deemed originals, all of which counterparts taken together shall constitute a single instrument, and signature pages of which may be detached from the several counterparts and attached to a single copy of this instrument to physically form a single document.

d. Further Assurances. Franchisee and Guarantors jointly and severally covenant to Primrose to execute any and all documents reasonably requested by Primrose in connection with this Agreement.

e. Severability and Substitution of Valid Provisions. If there is a determination that any provision of this Agreement is invalid or unenforceable, that determination will not affect the remaining provisions of this Agreement, and the terms of this Agreement shall be deemed amended to the minimum extent necessary to make them valid and enforceable.

f. Binding Effect. This Agreement shall inure to the benefit of Primrose and its successors and assigns, and shall be binding upon Franchisee, Guarantors, and their respective heirs, executors, successors, assigns and legal representatives.

[Signature page follows]

**IN WITNESS WHEREOF**, the parties have executed this Amendment to Franchise Agreement as of the day and year first above written.

PRIMROSE:

**PRIMROSE SCHOOL FRANCHISING COMPANY LLC**

By: _____
Steven A. Clemente, President

FRANCHISEE:

**[OPERATING ENTITY]**

By: _____
Name, Title

By: _____
Name, Title

GUARANTORS:

_____
NAME

_____
NAME

# Exhibit I
# to
# Franchise Disclosure Document

**GENERAL RELEASE**

**(attached)**

# GENERAL RELEASE

THIS GENERAL RELEASE (this **"Release"**) is made as of _____ , 20__ (the "**Effective Date**") by (i) [FRANCHISEE], a [FORM OF ENTITY] formed and operating under the laws of the _____ and having its principal place of business located at _____ (**"Franchisee"**); (ii) [OWNERS' NAMES], individuals residing at _____ (hereinafter referred to [collectively] as **"Owner"**), and (iii) [REAL ESTATE ENTITY], a _____ (**"Real Estate Affiliate"**), a [FORM OF ENTITY] formed and operating under the laws of the _____ and having its principal place of business located at _____ (Franchisee, Owner, and Real Estate Affiliate, collectively referred to as the **"Franchisee Parties"**).

WHEREAS, Primrose School Franchising SPE, LLC, a Delaware limited liability company (**"Franchisor"**) is the franchisor of Primrose® learning, recreational, and child care facilities;

WHEREAS, Franchisee and Owner have executed that certain Primrose School Franchise Agreement dated _____ (including any amendments, the **"Franchise Agreement"**), pursuant to which Franchisee was granted a right to operate a Primrose® facility (the **"Facility"**);

[WHEREAS, Franchisor and Real Estate Affiliate have executed that certain Real Estate Development Agreement dated _____ (the **"Real Estate Development Agreement"**), pursuant to which Real Estate Affiliate was permitted to develop certain real property and improvements (the **"Real Property"**);]

[CHOOSE SUCCESSOR, TRANSFER, OR ADDITIONAL FRANCHISE OPTION]

[SUCCESSOR OPTION] [ WHEREAS, the Franchise Agreement is about to expire, and Franchisee would like to enter into a successor agreement (the **"Successor Agreement"**); and

WHEREAS, Franchisor has conditioned its consent to entering into such a Successor Agreement on each of the Franchisee Parties' execution of this Release;]

[TRANSFER OPTION] [ WHEREAS, the Franchisee Parties desire to transfer to a third party their interests in the [Franchise Agreement or franchise granted by such Franchise Agreement] [and/or] [the Real Estate Development Agreement or Real Property]; and

WHEREAS, Franchisor has conditioned its consent to the transfer upon each of the applicable Franchisee Parties' execution of this Release;]

[ADDITIONAL FRANCHISE OPTION] [WHEREAS, Owners directly or indirectly have an ownership interest in one or more other Primrose franchises, including the Facility (the **"Existing Franchises**"), and would like to directly or indirectly acquire an ownership interest in another Primrose franchise (an "**Additional Franchise**") through the execution of an additional Franchise Agreement (the **"Additional Agreement"**); and

WHEREAS, Franchisor has conditioned its consent to entering into such an Additional Agreement on each of the Franchisee Parties' execution of this Release of any claims related to their Existing Franchises;]

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Franchisee Parties hereby agrees as follows:

1. Release of Franchisor and Released Parties.

A. Release. The Franchisee Parties, on behalf of themselves and their respective current and former parents, affiliates, and subsidiaries, and their respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), do hereby absolutely and irrevocably release and discharge Franchisor and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, rights to terminate and rescind, liabilities, losses, damages, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected, at law or in equity (collectively, "**Claims**"), which any of the Releasing Parties ever owned or held, now own or hold, or may in the future own or hold, which are based on actions, omissions, or occurrences occurring on or prior to the Effective Date, including, without limitation, [ALL OPTIONS, EXCEPT ADDITIONAL FRANCHISE OPTION:] Claims based upon, arising out of, or in any way related to (i) federal, state, and local laws, rules, and regulations, (ii) the Franchise Agreement, the Real Estate Development Agreement, and all other agreements between any Releasing Party and any Released Party, (iii) the relationship created by such agreements, or (iv) the sale, development, ownership, or operation of the Facility or any other Primrose® business. ] [ADDITIONAL FRANCHISE OPTION:] Claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, **(a)** the sale and operation of the Existing Franchises, **(b)** the franchise agreements for the Existing Franchisees, and **(c)** all other agreements between any Releasing Parties and the Released Parties. This Release applies only to Claims arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law. This Release excludes Claims relating to the **(x)** sale of the Additional Franchise and **(y)** representations made in the Franchise Disclosure Document, or its exhibits or amendments, provided to any of the Franchisee Parties in conjunction with the sale of the New Franchises. ] This Release excludes Claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

B. Risk of Changed Facts. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) (i) understand that Franchisee or the Releasing Parties may have some Claims against the Released Parties of which they are totally unaware and unsuspecting, which they are giving up by executing this release, (ii) understand that the facts in respect of which the release in this Section 1 is given may turn out to be different from the facts now known or believed by them to be true, and (iii) hereby accept and assume the risk of the facts turning out to be different and agree that the release in this Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in fact.

C. No Prior Assignment. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) represent and warrant that no claims by the

Releasing Parties against any of the Released Parties have been assigned to any third party.

D. Covenant Not to Sue. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim released under this Section 1.

E. Complete Defense. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) acknowledge that this release shall be a complete defense to any claim released under the terms of this Section 1 and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

F. Waiver of Statutory Preservation Provisions. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

> A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including any jurisdiction in which the Releasing Parties reside. The Franchisee Parties acknowledge and represent that they have consulted with legal counsel before executing this release and that they understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

2. Competency; Release Voluntarily Executed. Each of the Franchisee Parties acknowledges that it has full and complete power and authority to execute this Release, and that their execution hereof shall not violate the terms of any contract or agreement between them or any court order. Each of the Franchisee Parties further acknowledges that this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

3. Successors and Assigns**.** This Release will inure to the benefit of the Released Parties and their successors, assigns, heirs, and personal representatives and will bind each Releasing Party and their successors, assigns, heirs, and personal representatives.

4. Governing Law; Choice of Forum. This Release and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the substantive laws (but not the principles governing conflict of laws) of the State of Georgia. Any dispute relating to this release shall be subject to the forum selection provisions of the Franchise Agreement.

5. Counterparts. This Release may be executed in one or more counterparts (including by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same Release.

IN WITNESS WHEREOF, each of the undersigned has executed this Release as of the Effective Date.

**FRANCHISOR:**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Name: _____
Title: _____

**FRANCHISEE:**

**[Name of Entity]**

By: _____
Name: _____
Title: _____

**REAL ESTATE AFFILIATE**:

**[Name of Entity]**

By: _____
Name: _____
Title: _____

**OWNERS**:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

# Exhibit J
# to
# Franchise Disclosure Document

**DEVELOPMENT AGREEMENT**

**(attached)**

**PRIMROSE SCHOOLS®**
**DEVELOPMENT AGREEMENT**

THIS AGREEMENT (this **"Agreement"**) is made and entered into as of the date set forth on Appendix A of this Agreement (the **"Effective Date"**) (Appendix A and all appendices attached to this Agreement are hereby incorporated by this reference) between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company (**"Primrose"**) and the entity identified on Appendix A as the developer (**"Developer"**) with its principal place of business as set forth on Appendix A. In this Agreement, **"we," "us,"** and **"our"** refers to Primrose. **"You"** and **"your"** refers to Developer. The **"Parties**" refers to both Primrose and Developer.

**RECITALS**

A. We are the franchisor of PRIMROSE® early education and childcare facilities ("**Facilities**"). We offer third parties the right to operate franchised Facilities through PRIMROSE® franchise agreements (the "**Franchise Agreements**").

B. You would like the right to establish and operate a specified number of Facilities within one or more specified geographical areas identified on Appendix A (collectively, the "**Target Area**") in accordance with the development schedule specified on Appendix A (the "**Schedule**").

C. You desire to establish and operate each Facility under the terms and conditions contained in our then-current Franchise Agreement. Our current form of Franchise Agreement is attached to this Agreement as Appendix B (the "**Current Form**").

D. We are willing to grant to you the right to enter into Franchise Agreements to develop and open Facilities within the Target Area, subject to the terms and conditions of this Agreement.

E. We refer to all persons or entities with a legal or beneficial interest in your Entity as "**Owners**." We refer to you and your Owners collectively as the "**Developer Parties**."

F. All capitalized terms that are not defined in this Agreement shall have the meaning assigned to such terms in the Current Form.

**NOW, THEREFORE**, for and in consideration of the foregoing premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Grant of Development Rights. Subject to the terms and conditions of this Agreement, we grant to you the right, and you undertake the obligation, to establish in the Target Area the number of Facilities specified in the Schedule. This Agreement does not grant you any right to use the Marks or the System or to operate any Facilities. Rights to use the Marks and the System and operate Facilities are granted only by Franchise Agreements.

2. Development Fee. Upon execution of this Agreement, you must pay us a development fee in the amount specified on Appendix A per Facility that you commit to develop in the Schedule (the "**Development Fee**"). The Development Fee attributed to each Facility will be credited towards the then-current initial franchise fee due under the Franchise Agreement for such Facility

(the "**Franchise Fee**"). The Development Fee is fully earned by us when the Parties sign this Agreement and is non-refundable, even if you do not comply with the Schedule and/or if this Agreement is terminated.

3. Target Area.

3.1 Target Area. You are obligated to develop Facilities within the Target Area. We may specify multiple geographic areas in Appendix A that shall collectively be referred to as the Target Area. The Target Area shall not include (i) the Development Areas, Designated Areas, or Option Areas (or any other similar protected areas) that have been granted to other franchisees prior to the Effective Date in their Franchise Agreements, (ii) Development Areas or Designated Areas that are granted to other franchisees after the Effective Date (if a Development Area is converted to a Designated Area, if you do not exercise your right of first refusal to develop a Facility), and (iii) any actual or potential Primrose on Premise locations (collectively, "**Excepted Areas**"). The Parties agree and acknowledge that any Excepted Areas within the Target Area as of the Effective Date will be reflected in Appendix A and that Primrose will unilaterally update Appendix A from time to time to reflect any changes to the Excepted Areas.

3.2 No Other Restriction On Us. Except as expressly provided in 4.2 (Right of First Refusal) or any other agreement between the Parties, we and our affiliates reserve all rights with respect to the Target Area, including the right, in our sole discretion, to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on your Facilities or your ability to fulfill your development obligations. For example, without limitation, we and our affiliates have the right to:

(a) Operate, or license any other party to operate, a Facility anywhere outside of the Target Area;

(b) Establish, or license any other party to establish, other franchises or company-owned outlets selling or offering services similar to those provided in a Facility under a different trademark or service mark than the Marks anywhere, including in the Target Area;

(c) Establish, or license any other party to establish, Primrose on Premise Locations anywhere, including in the Target Area; and/or

(d) Advertise, promote, market, or sell, may, or license any other party to advertise, promote, market, or sell, goods or services identified by the Marks that are similar to those provided in a Facility anywhere, including in the Target Area, via any other channels of distribution, including, without limitation, the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

4. Development of Facilities.

4.1 Identification of Sites and Conversion Facilities. You are solely responsible for identifying within the Target Area (i) sites that meet our minimum specifications for a Facility (each, a "**Site**") and/or (ii) existing learning, recreational, and/or childcare facilities operating under marks other than the Primrose® and Primrose Schools® marks that are candidates for conversion to a Facility ("**Conversion Facilities**") and obtaining our written acceptance for such Sites or Conversion Facilities (collectively, "**Prospective Locations**") before acquiring them.

4.2 Prospective Locations that We Identify.

(a) Our Assistance. We may, in our sole discretion, assist you by identifying Prospective Locations within the Target Area. We may also enter into initial discussions with one or more owner(s) ("**Potential Sellers**") of one or more Conversion Facilities within the Target Area. However, our failure to identify Prospective Locations in the Target Area shall not be a default under this Agreement and shall not be used as a defense if you fail to comply with your Schedule.

(b) Right of First Refusal. During the Term until you have entered into a Franchise Agreement for the last Facility you have committed to develop under the Schedule, provided that no Event of Default has occurred, we will offer you a right of first refusal to develop and operate any Prospective Locations that we identify in the Target Area. You may exercise your right of first refusal in accordance with this Section 4.

(i) Site Location Analysis. If we identify a Prospective Location in the Target Area, we will provide a preliminary summary outlining basic information about the proposed site and a site support letter (the "**SSL**") requesting your approval for us to move forward with a more in-depth review of the site. In addition, if it is a Conversion Facility, we may disclose to you, or arrange for a Potential Seller to disclose to you, Target Data (as defined in Section 7.2 (Target Data)) relating to such Conversion Facility before providing you with the SSL. Franchisee shall notify Franchisor within 10 days of its receipt of the SSL whether it would like Franchisor to move forward with the site. Such further evaluation and review of the site by us will include, as appropriate, the preparation of a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located. The SSL, Target Data, and SLA may not include all of the information that may be required to evaluate a Prospective Location, and you acknowledge that you will conduct your own independent investigation and analysis, including with legal, financial, and tax advisors and other professionals, regarding each Prospective Location.

(ii) Intention to Exercise Right of First Refusal. You must provide us with written notice of whether you intend to exercise your right of first refusal within 10 days of your receipt of the SSL (the **"SSL Deadline**") and again within 10 days of your receipt of the SLA (the "**SLA Deadline**"). If you do not provide both written notices by the applicable deadlines, you will be deemed to have declined your right of first refusal.

(iii) Acquisition of Conversion Facility. If you intend to acquire a Conversion Facility, we may require you, in our sole discretion, to either (a) initiate by the SSL Deadline negotiations with the Potential Sellers to purchase the Conversion Facilities, actively and diligently negotiate the terms of such acquisition, and acquire such Conversion Facilities within 180 days of your receipt of the SSL or (b) within 14 days after we have provided you with a copy of a letter of intent that we have negotiated with the Potential Sellers, commit in writing that you will enter into a purchase agreement with the Potential Sellers based on the terms of such letter of intent and will operate them as Facilities under Franchise

Agreements. If you are negotiating with the Potential Sellers, we shall have the right to independently verify with them whether you are in active negotiations with them, and we may rely on their representations.

(iv) Execution of Agreements. After receiving your notices exercising your right of first refusal for a Site (or if we accept a Site that you have proposed), we will deliver to you our then-current (i) Franchise Disclosure Document (if such disclosure is required), (ii) Franchise Agreement, (iii) real estate development agreement (the "**REDA**") (or, if permitted by us in our sole discretion, franchise agreement development addendum (a "**Development Addendum**")), and (iv) form of other documents required by us to be executed in conjunction with the development and operation of the Facility (collectively, the "**Franchise Documents**"). Within 21 days after receipt of the Franchise Documents from us or, if you are acquiring a Conversion Facility, in conjunction with your acquisition of such Conversion Facility, the Developer Parties must execute and deliver to us such Franchise Documents for the applicable Facilities and pay us the Franchise Fee, the initial fees due under the applicable REDA or Development Addendum, and all other fees due at signing under the Franchise Documents for such Facility.

1. Delays Due to Franchise Laws. Notwithstanding anything to the contrary and regardless of whether we are required to provide you with a Franchise Disclosure Document, we shall not be required to deliver any Franchise Documents until such time as we (i) have a current Franchise Disclosure Document and (ii) have complied with any applicable franchise registration requirements.

2. Binding Agreements. For each Facility, upon signing the Franchise Documents related to such Facility, the Developer Parties will be bound by all of the terms, conditions, requirements and duties imposed by such Franchise Documents, which Franchise Documents will govern the parties and preempt this Agreement with reference to such Facility.

(v) Expiration of Right of First Refusal. If for any Prospective Location, you (a) fail to provide notice of your intent to exercise your right of first refusal by the SSL Deadline and SLA Deadline, (b) decline your right of first refusal, or (c) fail to meet the deadlines and requirements specified in Section 4.2(b)(iv) (Acquisition of Conversion Facility) and 4.2(b)(v) (Execution of Agreements), your right of first refusal with respect to such Prospective Location shall expire, and we shall have the right to acquire, develop, and operate, or permit another party to acquire, develop, and operate, such Prospective Locations as Facilities in the Target Area and expand the Excepted Area accordingly.

4.3 Prospective Locations that You Identify. If you identify a Prospective Location, you must, prior to entering into any binding agreement to acquire such Prospective Location, (i) provide us with written notice and all of the information that we require about such Prospective Location and (ii) obtain our written acceptance for such Prospective Location. If we accept a Prospective Location, the Developer Parties must execute the Franchise Documents in accordance with Section 4.2(b)(v) (Execution of Agreements) prior to acquiring or developing such Prospective Location. If we reject a Prospective Location, then (a) you may not acquire such Prospective Location for the purpose of developing a Facility or a Competitive Business at

such Site, and (b) we will not open or approve any third party to open a Facility at such Site without first providing you with written notice and a right of first refusal to do so.

4.4 Your Representations and Acknowledgements. You acknowledge and agree that this Agreement covers the development and operation of Facilities in the future, and, as such, the estimated expenses and financial requirements necessary to develop and operate such Facilities could increase over time and could require a greater financial investment and operating capital requirement than you originally anticipated. To maintain your development rights, you are required to execute Franchise Agreements and develop all Facilities in accordance with the Schedule regardless of the requirement of a greater financial investment or need for additional capital resources and whether the Facilities developed under this Agreement are performing to your expectations. You represent that you will be able to fund the necessary capital injection to enable you develop Facilities, even if the actual purchase price or rent and actual total investment is higher than anticipated.

4.5 Independent Investigation. The site selection assistance and consent rights that we exercise under this Agreement are not, and under no circumstances are to be construed as, (i) a recommendation by us that you should acquire a Prospective Location or (ii) a representation that a Prospective Location will, or is likely to, achieve a certain level of success or performance as a Facility (even if we have negotiated a purchase price or letter of intent for such Prospective Location). The success of the business venture contemplated by this Agreement is speculative, involves business risks, and will be largely dependent upon your Owners' ability and active participation in the daily affairs of the business. You acknowledge that you have conducted an independent investigation of the business of operating multiple Facilities in the Target Area. Except as specifically set forth in the financial performance representations contained in Item 19 of the Franchise Disclosure Document that we disclosed to you, we do not provide any representations regarding the financial performance of Facilities. We expressly disclaim the making of, and you, on behalf of the Developer Parties, acknowledge that the Developer Parties have not received, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

5. Schedule.

5.1 Franchise Agreement. Upon execution of this Agreement, you must enter into your first Franchise Agreement using the Current Form and our then-current REDA, if applicable.

5.2 Opening Deadlines. You must open and operate Facilities in accordance with the deadlines set forth in the Schedule. By each **"Opening Deadline**" specified in the Schedule, you must have the specified number of Facilities open and operating pursuant to Franchise Agreements. We have no obligation to extend any Opening Deadline for any reason. If we, in our sole discretion, agree to extend an Opening Deadline, we may condition such extension on your payment of an extension fee and execution of a general release. Facilities that you have acquired from an existing franchisee will not count towards your satisfaction of the Schedule, but Conversion Facilities will count towards your satisfaction of the Schedule. If the Parties agree that you may develop or acquire a Facility outside of the Target Area, we will count such Facilities towards your satisfaction of the Schedule if we proposed the Prospective Facility, and we may, in our sole discretion, count such Facilities towards your satisfaction of the Schedule if you proposed the Prospective Facility.

5.3 Damaged Facilities. If a Facility is destroyed or damaged by any cause beyond your control such that it may no longer continue to be open for the operation of business, you

must immediately give us notice of such destruction or damage ("**Destruction Event**"). You must diligently work to repair and restore the Facility to our approved plans and specifications as soon as possible at the same location or at a substitute site accepted by us within the Target Area. If a Facility is closed due to a Destruction Event, the Facility will continue to be deemed a "Facility in operation" for the purpose of this Agreement for up to 180 days after the Destruction Event occurs. If a Facility (i) is closed in a manner other than those described in this Section or as otherwise agreed by us in writing or (ii) fails to reopen within 180 days after a Destruction Event, then the Facility shall no longer count towards your satisfaction of the Schedule.

6. Confidential Information and Target Data

6.1 Confidential Information. Section 8 (Confidential Information) of the Current Form is hereby incorporated by reference into this Agreement.

6.2 Target Data. If we enter into discussions for the acquisition of Conversion Facilities, we or the Potential Sellers may disclose Target Data to you. "**Target Data**" means any and all information, knowledge, research, data, and reports and/or work product, whether prepared by us, our affiliates, Potential Sellers, or third-party professional advisors on our behalf, identifying, relating to, and/or referencing the Conversion Facilities, including, but not limited to, consumer, lease, financial, sales, expense, profit, and marketing data and/or research and/or letters of intent. The Target Data, as well as the existence of the opportunity to acquire the Conversion Facilities for the purpose of converting them to Facilities (the "**Acquisition Opportunity**") and any negotiations by the Parties related to such Acquisition Opportunity, shall be deemed to be part of the Confidential Information. In addition, the following terms shall apply to the Target Data:

(a) You and your Owners will, use the Target Data solely for the purpose of evaluating and, as applicable, negotiating the Acquisition Opportunity. Without limiting the generality of the preceding sentence, you and your Owners may not negotiate the purchase of and/or acquire the Conversion Facilities for any use other than the operation of franchised Facilities, without our express written consent.

(b) At our or Potential Seller's request, you and your Owners must sign any non-disclosure agreements required by Potential Seller related to the Acquisition Opportunity, which shall supplement your obligations in this Agreement.

(c) You and your Owners must not disclose any Target Data and the existence of the Acquisition Opportunity in any manner whatsoever, provided that the Target Data and information regarding the Acquisition Opportunity may be disclosed to advisors who need to know such information for the sole purpose of assisting you in evaluating and, as applicable, negotiating the Acquisition Opportunity. You and the Owners may not make copies of Target Data, except as may be necessary for the uses permitted under this Agreement. The Target Data, and all copies thereof, remain our property or the property of the Potential Seller.

(d) You must immediately notify us if you become aware of any breach of this Section 6, and you agree to be responsible for any breach of this Agreement by any Related Party.

(e) If you do not wish to proceed with the Acquisition Opportunity or at any time upon our request for any reason, you and your Owners will, within five business days after

receipt of such notice or request, destroy or return all Target Data and related copies or summaries.

(f) You understand and acknowledge that we make no representation or warranty, express or implied, as to the accuracy or completeness of the Target Data and will have no liability to you or any Owner or any other person or business entity relating to or resulting from the use of the Target Data or any errors in, or omissions from, the Target Data. Nothing in this Agreement will be construed as obligating us to provide, or to continue to provide, Target Data to any person or business entity.

7. Franchise Agreement Addenda. For each Franchise Agreement signed under this Agreement, the Parties may agree to execute an addendum adding, deleting, or changing certain terms of the Franchise Agreement (the "**Addendum**"). If we and you have agreed to execute an Addendum, the form of Addendum to be used in conjunction with the Current Form will be attached as Appendix C. If our form of Franchise Agreement changes, we may unilaterally make corresponding changes to the form of Addendum that you will sign in conjunction with such then-current Franchise Agreement, provided that such changes shall not materially modify the substance of the form of Addendum attached as Appendix C. The Parties may mutually agree to substantive modifications to the form of the Addendum at any time. If you acquire a Conversion Facility, we may also require you to, in our sole discretion, sign an acquisition addendum with terms related to the conversion of such Facility or integrate such conversion-related terms into the Addendum.

8. Term. The term of this Agreement commences on the Effective Date and expires at the earlier of (a) midnight on the last Opening Deadline date listed on the Schedule or (b) the opening of the last Facility to be developed pursued to the Schedule (the "**Term**"), unless this Agreement is terminated sooner as provided in Section 10 (Termination).

9. Termination.

9.1 Events of Default. Any one or more of the following constitutes an "**Event of Default**" under this Agreement:

(a) You fail to have open and operating the minimum number of Facilities specified in the Schedule by any Opening Deadline specified in the Schedule;

(b) You fail to comply with all requirements of all applicable laws, including federal, state, and local law, in your operation of your business and your development and operation of Facilities;

(c) An event of default occurs under any Franchise Agreement or other agreement between the Developer Parties and us or our affiliates, which would be grounds for termination of such Franchise Agreement or other agreement, even if such agreement is not terminated; or

(d) You breach or otherwise fail to comply fully with any other provision contained in this Agreement.

9.2 Our Remedies. If any Event of Default occurs, we may, at our sole election:

(a) declare this Agreement and any and all other rights granted to you under this Agreement to be immediately terminated and of no further force or effect; and/or

(b) terminate your right of first refusal, in which case we will no longer be obligated to offer you a right of first refusal for any Sites or Conversion Facilities in the Target Area.

9.3 Effect of Termination. Upon termination of this Agreement for any other reason whatsoever, we will retain the Development Fee and you will not be relieved of any of your obligations, debts, or liabilities hereunder, including without limitation any debts, obligations, or liabilities which have accrued prior to such termination. You will have no right to develop additional Facilities in the Target Area. Your failure to open and thereafter operate Facilities in accordance with the Schedule will not, in itself, constitute cause for us to terminate any previously executed Franchise Agreement.

10. Assignment. This Agreement and the rights granted to you under this Agreement are personal to you and neither this Agreement, nor any of the rights granted to you under this Agreement nor any controlling equity interest in you may be voluntarily or involuntarily, directly or indirectly, by operation of law or otherwise, assigned or otherwise transferred, given away, or encumbered by you. If a transfer occurs, this Agreement will automatically terminate. If we are required by applicable laws to permit such a transfer, we may condition our approval on your satisfaction of any conditions that we specify, including, without limitation, requiring the Developer Parties and transferee to signing a general release. We may assign this Agreement or any ownership interests in us without restriction.

11. Covenant Not to Compete. The covenants not to compete and related provisions in Section 16.2 through Section 16.7 of the Current Form are hereby incorporated into this Agreement by reference. The post-term covenants described in Section 16.3 of the Current Form shall apply for a period of two years after the expiration or termination of this Agreement and shall apply to any Competitive Business operated within (i) the Target Area and any Excepted Area, (ii) a ten-mile radius of the Target Area and any Excepted Area, or (iii) a five-mile radius of any Facility that is operating at the time of such expiration or termination. Franchisee shall cause its Owners to sign any documents provided by Franchisor that bind such Owners to this provision.

12. Incorporation of Other Terms. Sections 24 (Non-Waiver), 25 (Notice), 26 (Cost of Enforcement or Defense), 28 (Severability), 29 (Applicable Law), 30 (Arbitration), 31 (Delegation and Franchisor's Related Parties), and 32 (Indemnification) of the Current Form are hereby incorporated in this Agreement by reference and, as with all other Sections previously incorporated by reference, will apply as if fully restated within the text of this Agreement.

13. Miscellaneous. Capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth in the Current Form. This Agreement, together with the Current Form, supersedes all prior agreements and understandings, whether oral and written, among the Parties relating to its subject matter, and there are no oral or other written understandings, representations, or agreements among the Parties relating to the subject matter of this Agreement. Notwithstanding the foregoing, nothing in this Agreement shall disclaim or require you to waive reliance on any representations that we made in the most recent Franchise Disclosure Document that we delivered to you or your representatives. This Agreement shall not be binding on either party until it is executed by both Parties. This Agreement may be signed in multiple counterparts, but all such counterparts together shall be considered one and the same

instrument. The provisions of this Agreement may be amended or modified only by written agreement signed by both Parties.

**IN WITNESS WHEREOF**, each of the undersigned has executed this Agreement under seal as of the Effective Date.

**FRANCHISOR**

**PRIMROSE SCHOOL FRANCHISING SPE LLC**

By: _____
Steven A. Clemente, President

**DEVELOPER**

**[ENTITY]**

By: _____
Name, Title

**APPENDIX A**
**TO THE**
**DEVELOPMENT AGREEMENT**

**DEVELOPER-SPECIFIC TERMS**

1. **Effective Date (First Paragraph):** _____

2. **Developer's Name:** [ENTITY]

3. **Developer's State of Organization***:* a [STATE & ENTITY TYPE]

4. **Developer's Principal Place of Business:** [ADDRESS]

5. **Target Area(s) (Recital B):** [MAP]

**Ownership of Developer (Recital E)**: The following persons constitute all of the owners of Developer:

| [ENTITY] | Percentage Ownership |
|---|---|

6. **Development Fee (Section 2):** The Development Fee shall be $75,000, which is calculated as $25,000 per Facility. The Development Fee for the first Facility is being applied to the Initial Fee under the first Franchise Agreement, which is being signed contemporaneously herewith.

7. **Schedule and Opening Deadlines (Section 5.2)**: You agree to establish and operate a total of 3 Facilities within the Target Area during the Term. The Facilities must be open and operating in accordance with the following Schedule:

| **MINIMUM NUMBER OF FACILITIES**<br>The Minimum Number of Facilities Open and Operating by Each Opening Deadline | **OPENING DEADLINE**<br>Deadline for Having the Minimum Number of Facilities Open and Operating |
|---|---|
| | |
| | |
| | |

Signature Page for Appendix A (Developer-Specific Terms)

**FRANCHISOR**

**PRIMROSE SCHOOL FRANCHISING SPE, LLC**

By: _____
Steven A. Clemente, President

**DEVELOPER**

**[ENTITY]**

By: _____
Name, Title

**APPENDIX B**
**TO THE**
**DEVELOPMENT AGREEMENT**

**CURRENT FORM OF FRANCHISE AGREEMENT**

**APPENDIX C**
**TO THE**
**DEVELOPMENT AGREEMENT**

# FRANCHISE AGREEMENT ADDENDUM

# Exhibit K
# to
# Franchise Disclosure Document

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**(attached)**

**PRIMROSE SCHOOLS®**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

**THIS QUESTIONNAIRE SHALL NOT BE COMPLETED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

**IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND OR WASHINGTON, DO NOT SIGN THE QUESTIONNAIRE.**

You are preparing to enter into a Primrose Schools® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading.

A. Establishment of New Business. The purchase of a Primrose Schools® Franchise ("**Franchise**") is primarily the purchase of a license to establish and operate a business under the Primrose Schools® name and trademarks ("**Marks**"). You must operate the Franchise in accordance with our business format. You understand that the operation of a new business involves a number of business risks, which exist in connection with any business.

B. The Importance of your effort can not be stressed enough. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, internet and otherwise as we recommend. Your failure to follow the our system for operating Primrose Schools® facilities (the "**System**") may have a negative effect on the Franchise.

C. Ability to Operate a Primrose Schools® Franchise. The ability to operate a profitable Franchise requires some level of business, management, and customer service skills. Our franchisees must always provide excellent customer service. How you treat customers is critical to the Franchise.

D. Additional Funds and Financial Requirements. In our Franchise Disclosure Document ("**FDD**"), we have disclosed an ESTIMATE of the amount of Additional Funds that you should have available to invest in the Franchise in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

E. Pricing of Products and Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for the services provided by your Franchise. If you elect to price these services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

F. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of a national conference in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

G. Competition. Each of the services you provide is also provided by others and new competitors may appear at any time within your Development or Designated Area although these competitors are not licensed to use our System or our Marks. It is also possible that another Primrose Schools® franchise may be located near or adjacent to your Development or Designated Area.

H. Taxes. Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

I. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our Marks in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us and any related parties in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may terminate your Franchise Agreement.

J. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you will be required to turn your customer/student list and your telephone numbers and electronic identities, including domain names, over to us. You are also prohibited from operating within 5 miles of the site of your Franchise or your Designated Area any similar business which competes with us or our franchisees for a period of 2 years after your Franchise Agreement expires or is terminated.

K. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

**PLEASE REVIEW EACH OF THE FOLLOWING QUESTIONS AND PROVIDE RESPONSES.**

1. Have you received and carefully reviewed the Franchise Disclosure Document provided to you?

Yes No

2. Did you sign or electronically accept an Acknowledgement of Receipt page for the Franchise Disclosure Document indicating the date you received it?

Yes No

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

Yes No

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our Franchise Disclosure Document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

Yes No

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a Primrose Schools® Franchise with an attorney, accountant or other professional advisor?

Yes No

6. Do you understand that the purchase of a Primrose Schools® Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your Primrose Schools® Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

Yes No

7. Do you understand and acknowledge that we cannot guarantee the success of your Primrose Schools® Franchise or that it will ever achieve profitability?

Yes No

8. Do you understand that in all dealings with you, our and our affiliates' officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

Yes No

9. Do you understand that any information concerning the revenue, profits, income or costs of a Primrose Schools® Franchise that was given to you by one of our franchisees is not information obtained from our or are affiliates' employees or representatives, and we make no representation about the information's accuracy?

Yes No

10. Have you considered the potential impact of the COVID-19 pandemic on customer demand; the supply chain for supplies, equipment, and services; your ability to timely construct your facility; employee availability; and other aspects of developing and operating your Franchise?

Yes No

**Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a Primrose Schools® franchisee is not our representative for the purposes of answering these questions.**

11. Other than any statements specifically provided in Item 19 of our Franchise Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a Primrose Schools® Franchise?

Yes No

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

Yes No

13. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a Primrose Schools® Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the Franchise Disclosure Document provided to you?

Yes No

14. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a Primrose Schools® Franchise?

Yes No

**By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.**

By: _____

Name:_____

Date:_____

## State Effective Dates

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

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

| State | Effective Date |
|---|---|
| California | Pending |
| Illinois | April 25, 2025 |
| Indiana | Pending |
| Maryland | Pending |
| Michigan | April 25, 2025 |
| Minnesota | Pending |
| New York | Pending |
| North Dakota | Pending |
| Rhode Island | Pending |
| South Dakota | Pending |
| Virginia | Pending |
| Washington | Pending |
| Wisconsin | April 25, 2025 |

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.

## ITEM 23: ACKNOWLEDGEMENT OF RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, the Real Estate Development Agreement, and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Primrose School Franchising SPE, LLC offers you a franchise, we 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. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Primrose School Franchising SPE, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit E**.

This franchise is being offered by the following sellers, all of whom are located at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 and whose telephone number is 770-529-4100 (check all that have been involved in the sales process): ☐ John Bae ☐ Kristie Kalinowski ☐ Kim Musso ☐ Jasmina Patel ☐ Lori Ashmore ☐ _____ ☐ _____ ☐ _____.

Our registered agents authorized to receive service of process are set forth on **Exhibit E**.

Issuance Date: April 25, 2025

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from Primrose School Franchising SPE, LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated April 25, 2025.

This Disclosure Document included the following exhibits: **A.** Financial Statements; **B.** State Specific Addenda to FDD; **C.** Franchise Agreement (including the following exhibits: B. Internet Website Agreement; C. State-Required Addenda; D. Build-to-Suit Program Amendment; E. Permanent Lease Program Amendment; F. Independent Development Program Amendment); **D.** List of Franchisees and Other Facilities-Related Information; **E.** List of State Administrators and Agents for Service of Process; **F.** Confidential Operations Manuals Table of Contents; **G.** Real Estate Development Agreement; **H.** Additional Real Estate Agreements; **I.** General Release; **J.** Development Agreement; and **K.** Franchisee Disclosure Questionnaire.

| | |
|---|---|
| 1) _____<br>**Signature** (individually and as an officer/member) | 1) _____<br>**Date Disclosure Document Received** |
| _____<br>Print Name | |
| 2) _____<br>**Signature** (individually and as an officer/member) | 2) _____<br>**Date Disclosure Document Received** |
| _____<br>Print Name | |
| _____<br>**Print Franchisee's Name** | ***KEEP FOR YOUR RECORDS*** |

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If Primrose School Franchising SPE, 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit E**.

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| | |
|---|---|
| 1) _____<br>**Signature** (individually and as an officer/member) | 1) _____<br>**Date Disclosure Document Received** |
| _____<br>Print Name | |
| 2) _____<br>**Signature** (individually and as an officer/member) | 2) _____<br>**Date Disclosure Document Received** |
| _____<br>Print Name | |
| _____<br>**Print Franchisee's Name** | ***TO BE RETURNED TO PRIMROSE*** |