FRANCHISE DISCLOSURE DOCUMENT

MOD

A SONESTA COLLECTION

Sonesta RL Hotels Franchising Inc.,
a Washington Corporation
400 Centre Street
Newton, Massachusetts 02458
Telephone Number: (617) 421-5400
www.sonesta.com

The franchise offered in this disclosure document is for the rights to operate a MOD A Sonesta Collection-branded hotel.

The total investment necessary to open a newly constructed 250-room MOD A Sonesta Collection-branded hotel is estimated to range between ~~$55,452,195~~58,040,922 to ~~$93,215,415~~97,180,953. These amounts include ~~$138,500~~172,254 to ~~$189,500~~253,860 that must be paid to us. The total investment necessary to convert a 250-room existing hotel into a MOD A Sonesta Collection-branded hotel is estimated to range between ~~$1,666,160~~1,689,097 to ~~$18,544,730~~19,943,378. These amounts include ~~$143,500~~167,254 to ~~$236,500~~248,860 that must be paid to us.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the Franchise Development Department at Sonesta RL Hotels Franchising Inc., at 400 Centre Street, Newton, Massachusetts 02458 and (617) 421-5400 or ~~development~~franchiselegal@sonesta.com.

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

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

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

Issuance Date: March ~~28~~31, ~~2024~~

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 J.
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 B 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 MOD 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 MOD franchisee?	Item 20 or Exhibit J lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Massachusetts. Out of state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with us in Massachusetts than in your home state.

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

3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Consumer Protection Division
Attention: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
Telephone Number: 517-373-7117

Note: Despite subparagraph (f) above, we intend to fully enforce the arbitration provisions of the Franchise Agreement. We believe that paragraph (f) is preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.

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

To simplify the language in this disclosure document, "SRLHF," “we” or “us” means Sonesta RL Hotels Franchising Inc., the franchisor. "You" means the person (or persons) who signs the franchise agreement - the “franchisee.” If the franchisee will be a corporation, partnership, limited liability company or other entity, "you" also includes both the business entity and those persons that have a 20% or greater direct or indirect ownership interest in the franchisee entity, who will have to guarantee your obligations and be bound by the provisions of your franchise agreement (the “Franchise Agreement”), the form of which is attached as Exhibit D to this disclosure document, and the other agreements as described in this disclosure document.

Our agents for service of process in the states whose franchise laws require us to name an agent for service are shown on Exhibit A to this disclosure document.

About the Franchisor, its Parent and Predecessors

We are a corporation formed in the State of Washington on December 24, 1986, as Vance Hotels, Inc. On September 19, 2005, we changed our name to Red Lion Hotels Franchising, Inc., and, on September 23, 2021, we subsequently changed our name to Sonesta RL Hotels Franchising Inc. Our principal business address is 400 Centre Street, Newton, Massachusetts 02458; however, we or our parent, Red Lion Hotels Corporation (“RLHC”) may provide certain support services to Brand Hotels (defined below) from our offices at 315 East Robinson Street, Orlando, Florida 32801. Our parent corporation was incorporated in the State of Washington on April 25, 1978 and changed its name from WestCoast Hospitality Corporation to Red Lion Hotels Corporation on September 19, 2005, and redomiciled as a Maryland corporation on March 31, 2021. RLHC maintains a principal business address at our principal business address. We and RLHC, directly and indirectly through its subsidiaries and affiliates, have been active in the ownership and management of hotels since our incorporation.

On April 30, 2015, we purchased the intellectual property assets and hotel franchise agreements of GuestHouse International, LLC, a South Dakota limited liability company. This acquisition added the GuestHouse and Settle Inn brands to the Network Brands (as defined below).

On September 30, 2016, we purchased substantially all of the operating assets of Vantage Hospitality Group, Inc., a Florida corporation now known as VHGI, Inc. (“VHGI”), its subsidiary Vantage Franchising, Inc., a Florida corporation (“VFI”), its subsidiary LHINDI, Inc., a Florida corporation, and certain other affiliates, including the intellectual property relating to the Acquired Vantage Brands and the related hotel franchise agreements. “Acquired Vantage Brands” refers to each of the following brands and their various extensions: Lexington, Jameson Inn, Americas Best Value Inn, Country Hearth Inn, Signature Inn, America’s Best Inn, 3 Palms Hotels and Resorts, Canadas Best Value Inn, Value Hotel Worldwide, and Value Inn Worldwide.

On May 14, 2018, we acquired the intellectual property assets and hotel franchise agreements related to the Knights Inn hotel brand from Wyndham Hotel Group, LLC and its affiliates, through RLHC’s acquisition of Knights Franchise Systems, Inc., and certain assets related to the Knights Inn brand in Canada from Wyndham Hotel Group Canada, ULC, which were assigned to us.

On March 17, 2021, RLHC and Sonesta International Hotels Corporation ("Sonesta") completed a merger transaction, as a result of which RLHC became a wholly-owned subsidiary of Sonesta. Sonesta is a subsidiary of Sonesta Holdco Corporation ("Sonesta Holdco"). Sonesta and Sonesta Holdco both share our principal business address.

On April 26, 2022, our affiliate, Sonesta NYC LLC ("Sonesta NYC"), acquired the intellectual property assets for The James hotel brand~~ and the license agreement for the existing The James New York - NoMad, a The James-branded hotel~~. This acquisition added The James brand to the Network Brands.

Except as set forth in this Item 1, we do not have any other parents, nor do we have any predecessors from whom we acquired, directly or indirectly, the major portion of our assets within the past 10-year period.

The Franchised Business

MOD A Sonesta Collection is a soft-brand collection of upscale hotels that caters to business and leisure travelers, which hotels are operated under independent approved trade names and the Marks (defined below) as a MOD A Sonesta Collection[SM] hotel ("Brand Hotels"). Brand Hotels may be new-build hotels or conversions of existing hotels. Brand Hotels may vary in size as well as with respect to the available food and beverage options. Some Brand Hotels may offer boutique lodging experiences, while others may offer traditional hotel facilities. A Brand Hotel will retain or create and use its own name, logo and theme, along with the Marks designating that it is part of the Brand Hotel collection.

We grant franchises to operate Brand Hotels under the MOD A Sonesta Collection[SM] service mark and certain other related proprietary marks, including all service marks, trademarks, logos, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, and all other marks or characteristics (collectively referred to as the "Marks") associated with or used to identify Brand Hotels and the products and services they offer, and similar intellectual property rights that we designate to be used in connection with Brand Hotels. Each franchise is granted under our form of Franchise Agreement, attached as Exhibit D to this disclosure document. Brand Hotels are authorized to operate under the Marks (using a Hotel Trade Name (defined in Item 13)), the Franchise System (defined below), and the Brand Standards (defined below).

We have offered franchises under the Marks since May 2023. A franchise grants you the non-exclusive right to operate a hotel under the Hotel Trade Name at a specified location (your "Hotel"). You must follow the high standards we have established as the essence of Brand Hotels, and you may be required to make future investments.

The "Franchise System" includes our and our affiliates' distinct business formats, methods, procedures, signs, designs, layouts, standards, specifications, and the Marks used to operate Brand Hotels. Brand Hotels are provided access to: a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; standards, specifications and policies for construction, furnishing, operation, appearance and service of the Brand Hotel; other elements we refer to in the Franchise Agreement, the Brand Standards, the Brand Manual (as defined below) or in other communications to you; and programs for our inspecting your Hotel and consulting with you.

The Brand Standards are designed to provide distinctive, high-quality lodging service at Brand Hotels. "Brand Standards" means the mandatory specifications, standards, operating

procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing Brand Hotels, including your Hotel. We may add elements to the Brand Standards or modify, alter, or delete elements of the Brand Standards. Brand Standards may be included in the Brand Manual or otherwise distributed by us in writing. "Brand Manual" means one or more documents or guides commonly referred to as the brand standards manual together with its supporting documentation. The Brand Manual may include the Brand Standards and information on suggested procedures and your other obligations under the Franchise Agreement.

Franchisor's Business

We also offer franchises for hotels under the following brands:

Classico ~~A Sonesta~~ Collection By Sonesta

As of April 2023, we began offering franchises for a soft-brand collection of upper, upscale hotels catering to business and leisure guests, which we offered under the service mark Classico A Sonesta Collection℠ from April 2023 to March 2025, and under the service mark Classico Collection By Sonesta since March 2025. The Classico A Sonesta Collection and Classico Collection By Sonesta service marks and related trademarks, service marks and trade names are collectively referred to as the "Classico Marks." As of December 31, ~~2023~~2024, there was one franchised hotel open in the United States under the Classico Marks.

The James

As of October 2022, we began offering franchises for hotels that provide upper upscale full-service luxury boutique hotel accommodations under the service marks The James® and James Hotel®. The The James® and James Hotel® service marks and related trademarks, service marks and trade names are collectively referred to as the "James Marks." As of December 31, ~~2023~~2024, there was one franchised hotel under contract with us in the United States under the James Marks ~~that operates under a license agreement with our affiliate Sonesta NYC~~.

Sonesta Hotels and Resorts~~,~~ and Royal Sonesta~~, and Hotel RL~~

We have offered franchises for hotels that provide full service, upscale accommodations with modern furnishings under the Sonesta® Hotels and Resorts Marks since September 2021, and that provide full service, upper upscale accommodations with authentic and local touches under the Royal Sonesta® Marks since October 2022. "Sonesta Hotels and Resorts Marks" refers to the Sonesta® Hotels and Resorts service mark and related trademarks, service marks and trade names. "Royal Sonesta Marks" refers to the Royal Sonesta® service mark and related trademarks, service marks and trade names. As of December 31, ~~2023~~2024, there were ~~5~~7 franchised hotels open or under contract and 25 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Hotels and Resorts Marks. As of December 31, ~~2023~~2024, there ~~was one~~were two franchised hotel under contract and 18 affiliate-owned or affiliate-managed hotels open in the United States under the Royal Sonesta Marks.

~~For franchisees that are granted a franchise to convert their existing hotel into a Sonesta Hotels and Resorts-branded hotel, we may grant them a license to use the Hotel RL Marks (defined below) to identify the hotel during the conversion process. During that transitionary period, the franchisee will complete certain remodeling and upgrade requirements to convert the existing hotel into a Sonesta Hotels and Resorts-branded hotel, but the~~

~~franchisee will be able to leverage the Hotel RL Marks during the transitionary period. However, upon the completion of the conversion process, the limited license to use the Hotel RL Marks will expire, and such franchisees will be required to use the Sonesta Hotels and Resorts Marks moving forward. "Hotel RL Marks" refers to the Hotel RL® trademark, RL℠ service mark, and certain other related trademarks, service marks and trade names. As of December 31, 2023, in the United States, there was 1 franchised Hotel RL-branded hotel that temporarily operates under Hotel RL Marks during a transitionary period prior to converting to a Sonesta Hotels and Resorts-branded hotel.~~

Sonesta ES Suites

As of September 2021, we began offering franchises for extended stay hotels that provide upscale accommodations under the service mark Sonesta ES Suites®. The Sonesta ES Suites® service mark and related trademarks, service marks and trade names are collectively referred to as the "Sonesta ES Marks." As of December 31, ~~2023~~2024, there were ~~21~~27 franchised hotels and ~~66~~53 affiliate-owned or affiliate-managed hotels open or under contract in the United States under the Sonesta ES Marks.

Sonesta Simply Suites

As of September 2021, we began offering franchises for extended stay hotels that provide affordable, mid-scale accommodations under the service mark Sonesta® Simply Suites. The Sonesta® Simply Suites service mark and related trademarks, service marks and trade names are collectively referred to as the "Sonesta Simply Marks." As of December 31, ~~2023~~2024, there were 20 franchised hotels open or under contract and ~~51~~48 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Simply Marks.

Sonesta Select Hotels

As of September 2021, we began offering franchises for hotels that provide select service, upscale accommodations with thoughtfully designed common areas under the service mark Sonesta® Select. The Sonesta® Select Hotels service mark and related trademarks, service marks and trade names are collectively referred to as the "Sonesta Select Marks." As of December 31, ~~2023~~2024, there were ~~13 Sonesta Select~~15 franchised hotels open or under contract and ~~45~~42 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Select Marks.

Sonesta Essential Hotels

As of December 2022, we began offering franchises for hotels that provide select service, upper midscale accommodations under the service mark Sonesta Essential™ and related service marks and trademarks. The Sonesta Essential™ Hotels™ service mark and related trademarks, service marks and trade names are collectively referred to as the "Sonesta Essential Marks." As of December 31, ~~2023~~2024, there were ~~18~~36 franchised hotels open or under contract in the United States under the Sonesta Essential Marks.

Red Lion Hotel and Red Lion Inn & Suites

We have offered franchises for full-service, mid-priced hotels under the Red Lion Marks since 1999. “Red Lion Marks” refers to the Red Lion®, Red Lion Hotel®, Red Lion Inn®, and Red Lion Inn & Suites® service marks and related trademarks and service marks. Typically, Red Lion Hotels are full-service hotels that offer food and beverage and meeting space. Red Lion Inn & Suites are typically limited service hotels.

As of December 31, ~~2023~~2024, there were 29 Red Lion Hotel franchised hotels open or under contract and ~~36~~33 Red Lion Inn & Suites franchised hotels open or under contract in the United States. There ~~were~~was also ~~2~~1 affiliate-owned hotel~~s~~ open under the Red Lion Marks as of December 31, ~~2023~~2024.

Signature Inn

In October 2017, we began offering franchises for the operation of affordable boutique properties in the economy lodging segment under the service mark Signature Inn℠. As of December 31, ~~2023~~2024, there were ~~11~~13 Signature Inn franchised hotels open or under contract in the United States. The Signature Inn service marks and related trademarks and trade names are referred to as the “Signature Inn Marks.”

Knights Inn

In June 2018, we began offering franchises for the operation of hotels in the limited-service segment under the Knights Inn Marks. The “Knights Inn Marks” refers to the Knights Inn® service mark and related trademarks and trade names. As of December 31, ~~2023~~2024, there were ~~147~~138 Knights Inn franchised hotels open or under contract in the United States.

Americas Best Value Inn

In October 2016, we began offering franchises for the operation of hotels in the limited-service segment under the service mark Americas Best Value Inn® (“ABVI”) and certain other proprietary marks, collectively referred to as the “ABVI Marks.” As of December 31, ~~2023~~2024, there were ~~478~~464 Americas Best Value Inn-branded hotels open in the United States, ~~271~~283 of which are franchised, and there were ~~8~~6 additional Americas Best Value Inn franchises under contract in the United States. The remaining became affiliated with the ABVI brand through VHGI’s membership model, and we provide services for those ABVI hotels as well.

Former Franchise Offerings

We offered franchises under the brand Signature℠ from October 2017 to November 2020. The Signature brand is a midscale and upscale brand that features similar design elements to the Signature Inn brand as modified for properties in larger markets, destination markets, or that otherwise fall within the midscale or upscale segments. As of December 31, ~~2023~~2024, there were ~~three~~two Signature franchised hotels open in the United States. The Signature℠ service marks and related trademarks, service marks and trade names are referred to as the “Signature Marks.”

We offered franchises for the operation of economy extended stay hotels under the service mark “GuestHouse Extended Stay℠” from March 2020 to March 2024, and for the operation of economy, primarily limited service hotels, under the GuestHouse® service mark

from May 2015 to March 2020. As of December 31, ~~2023~~2024, there were ~~11~~9 GuestHouse or GuestHouse Extended Stay franchised hotels open or under contract in the United States.

We offered franchises for the operation of upscale, full service hotels under Hotel RL Marks under a separate disclosure document from May 2014 to December 2022. "Hotel RL Marks" refers to the Hotel RL® and RL℠ service marks and related trademarks, service marks, and trade names. We also offered franchises for the operation of existing hotels as Hotel RL-branded hotels for a limited transitionary period, until the existing hotel completes its conversion to operate as a Sonesta Hotels and Resorts-branded hotel from March 2024 to March 2025. As of December 31, ~~2023~~2024, there were ~~3~~2 franchised Hotel RL-branded hotels that permanently operate under the Hotel RL Marks in the United States.

We offered franchises for the operation of hotels in the budget lodging segment, some of which operate under the service marks Country Hearth Inn®, Country Hearth Suites®, Country Hearth Inn & Suites® and certain other proprietary marks, collectively referred to as the "Country Hearth Marks," from October 2016 to March 2020. From November 2017 to March 2020, we also entered into franchise agreements that allowed Country Hearth franchisees to continue operating under their existing name (as long as it is not licensed by a third-party or associated with a third-party's franchise system) using the Country Hearth system and distribution channels. As of December 31, ~~2023~~2024, there were ~~29~~26 franchised Country Hearth-branded hotels open or under contract in the United States, ~~17~~15 of which operated under names and trademarks other than the Country Hearth Marks.

We offered franchises for the operation of extended stay hotels in the midscale segment under the service marks Settle Inn® and Settle Inn & Suites®, and certain other proprietary marks, collectively referred to as the "Settle Inn Marks," from July 2016 to March 2019. We no longer offer new franchises under the Settle Inn brand. As of December 31, ~~2023~~2024, there were no Settle Inn hotels.

We offered franchises for the operation of midscale and upper midscale hotels in the select-service and full-service segments under the service mark Lexington® and certain other proprietary marks, collectively referred to as the "Lexington Marks," from October 2016 to March 2018. We no longer offer new franchises under the Lexington brand. As of December 31, ~~2023~~2024, other than ~~two~~one hotel~~s~~ operating using the Lexington Marks that ~~are~~is soft-branded with other Network Marks, there ~~were no~~was one Lexington-branded hotel~~s~~ in the United States.

We offered franchises for Leo Hotel Collection hotels only during 2013. As of December 31, ~~2023~~2024, there were no Leo Hotel Collection hotels. We no longer offer Leo Hotel Collection hotels.

As of October 2016, we also act as franchisor for, and we and RLHC provide services to, the franchisees of the following Acquired Vantage Brands, for which we currently do not offer new franchises: America's Best Inn and Jameson Inn.

The Marks, Classico Marks, James Marks, Sonesta Hotels and Resorts Marks, Royal Sonesta Marks, Hotel RL Marks, Sonesta ES Marks, Sonesta Simply Marks, Sonesta Select Marks, Sonesta Essential Marks, Red Lion Marks, Signature Inn Marks, Knights Inn Marks, ABVI Marks, Lexington Marks, Signature Marks, Country Hearth service marks, Jameson Inn service marks, America's Best Inn service marks, GuestHouse service marks, Canadas Best Value Inn trademarks, and other marks used by hotels operated by us or our affiliates, or by hotels for which we, Sonesta RL Hotels Canada Franchising Inc. ("SRLHCF") or Sonesta

Franchising Corporation ("Sonesta Franchising") offer franchises in the future, are collectively referred to as the "Network Marks." Hotels we or our affiliates license, have licensed in the past, or may license in the future to operate under any of the Network Marks are collectively referred to as the "Network Hotels." "Network Brands" refers to all hotels licensed to operate under any of the brands listed above and their various extensions, and any other brands that we or our affiliates periodically may own.

We never have offered franchises in any lines of business other than the offerings for those Network Brands described above. Other than the operation and management of hotels under the Red Lion, Hotel RL, Sonesta Hotels and Resorts, Sonesta ES Suites, Sonesta Simply Suites, Sonesta Select, and Royal Sonesta brands, neither we nor any of our current affiliates have owned or operated hotels under any of the other franchised brands described above. We have no other business activities.

Our Affiliates

Our affiliates engage in a wide variety of business activities in the lodging business. Sonesta Holdco and its direct and indirect subsidiaries and affiliates, including RLHC, SRLHF and Sonesta and its subsidiaries, own, lease, manage, and franchise hotels under the various Network Brands, including the ownership and operation of the company-owned or company-managed Brand Hotels. In certain instances, RLHC may provide temporary reservation services under an alternate chain code to franchisees prior to conversion or upon de-identification of the hotel. A "chain code" is a two-character code that identifies a particular chain hotel within our designated global distribution system.

Our affiliate, SRLHCF, is a Washington corporation that was formed on August 18, 2016. SRLHCF began offering franchises to operate hotels in Canada under the Red Lion Marks in February 2017; under the Canadas Best Value Inn™ Marks in April 2017; under the Hotel RL Marks in July 2017; under the Signature Marks, Signature Inn Marks, GuestHouse service marks, Country Hearth Marks and Knights Inn Marks in August 2018; under the Sonesta Hotels and Resorts Marks, Sonesta ES Marks, Sonesta Simply Marks, and Sonesta Select Marks in November 2021; under the James Marks, Royal Sonesta Marks, and the Sonesta Essential Marks in December 2022; and under the Marks and the Classico Marks in June 2023. SRLHCF does not currently own or operate any Brand Hotels in Canada. However, our affiliates, Sonesta Canada ULC and Sonesta Toronto ULC operate hotels under the Sonesta ES Marks and the Royal Sonesta Marks, respectively, in Canada. As of December 31, 2024, there were 38 franchised and licensed Network Hotels open in Canada including 17 Knights Inn-branded hotels, 19 Canadas Best Value Inn-branded hotels, one MOD A Sonesta Collection-branded hotel, and one Country Hearth-branded hotel.

Our affiliate, Sonesta Franchising, is a Maryland corporation. Sonesta Franchising has offered franchises for hotels outside the United States since 2012 (including in Brazil, Chile, Colombia, Dominican Republic, Ecuador, Egypt, Mexico, Panama, and Peru since varying dates), under the following trademarks: the Marks, Royal Sonesta, Sonesta Hotels and Resorts, Sonesta ES Suites, Sonesta Simply Suites, Sonesta Select Hotels, Sonesta Essential Hotels, The James, Classico ~~A Sonesta~~ Collection by Sonesta, Red Lion Hotels, Red Lion Inn & Suites, Signature Inn, and Sonesta Posadas del Inca. The Sonesta Posadas del Inca service mark, while utilized under a master franchise agreement with Sonesta Franchising, is considered a "Network Mark" for purposes of this disclosure document. Our affiliate, Sonesta Licensing Corporation ("Sonesta Licensing"), is a Massachusetts corporation. Sonesta Licensing has offered licenses for hotels outside the United States since 1999, including in St. Maarten since 2004, under the Sonesta Hotels and Resorts Marks. Sonesta Franchising and Sonesta

Licensing have never owned or operated a Brand Hotel nor offered franchises for Brand Hotels in the United States. Sonesta Franchising and Sonesta Licensing share our principal business address.

Sonesta, its direct and indirect subsidiaries, and their respective employees will be performing services for franchisees as discussed throughout this disclosure document.

Our affiliates share our principal business address. We do not have any other affiliates that must be disclosed in this Item 1.

Laws, Rules, and Regulations

Your Hotel must conform to innkeeper liability laws, privacy laws, laws and regulations regarding food handling and preparation, truth in menu and labeling laws, alcoholic beverage control laws and dram shop acts, license, certificate and permit requirements for hotel and restaurant operation and occupancy, laws regulating the posting of hotel room rates and banning hidden fees, hotel room occupancy tax laws, minimum wage and labor laws, anti-trafficking laws, environmental laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act. In addition, the laws, rules, and regulations that apply to businesses in general will affect you. Consult your lawyer about them. Discuss with your architect or other appropriate professionals the Americans with Disabilities Act and its architectural guidelines, and state and local accessible facilities requirements.

The Market and Competition

The market for your services will depend on your Hotel's location, size and the nature of your services (e.g., whether your Hotel is suited for guests on frequent business travel, traveling sports teams, and so on). Our franchisees seek customers and business referrals from the local community and typically solicit business from tour and travel groups, on a local, regional, and national level. Business and leisure travelers, meeting planners and attendees, and organizers of and attendees of social functions make up the primary market of MOD customers. In general, you will compete with national hotel and motel chains and independently operated local hotels and food outlets offering similar types of hotel rooms and food and beverage services to the same clientele. In addition to competing with hotels that offer services comparable to the Brand Hotels, you also may compete with lodging designed to serve particular segments of the market and to fill particular lodging demands (such as Vrbo and Airbnb).

ITEM 2.BUSINESS EXPERIENCE

John Murray – President and Director

Mr. Murray has served as our, SRLHCF's, and RLHC's director since March 2021, and President since April 2022. Mr. Murray also has served as Sonesta's director since March 2019, and its President and Chief Executive Officer and President of ~~Sonesta's~~its subsidiaries since April 2022. Also, as of April 2022, Mr. Murray serves as President of each of the following entities, each located in Newton, Massachusetts: Auburn Hills Suites LLC; Auburn Hills ES LLC; Schaumburg Suites LLC; Schaumburg ES LLC; and Hill Country Galleria Hotel LLC. Mr. Murray also holds or has held the following positions, each located in Newton, Massachusetts: Executive Vice President of the RMR Group, LLC~~,~~ and its subsidiaries since 2001; and

Managing Trustee of Service Properties Trust and its subsidiaries ~~since~~from April 2018 to March 2025. Mr. Murray is based in Newton, Massachusetts.

Keith Pierce – Executive Vice President, President of Franchising

Mr. Pierce has served as our, SRLHCF's and RLHC's Executive Vice President, President of Franchising since March 2021. From May 2017 to March 2021, Mr. Pierce served as President and Managing Partner of Passionality Group in Northport, New York. Mr. Pierce is based in Newton, Massachusetts.

Jennifer B. Clark – Director, Secretary

Ms. Clark has served as our, SRLHCF's and RLHC's Director and Secretary since March 2021. Ms. Clark also holds or has held the following positions, each located in Newton, Massachusetts: Director and Secretary of Sonesta and its subsidiaries since January 2012; Executive Vice President, General Counsel and Secretary of The RMR Group Inc. and The RMR Group LLC and its subsidiaries, and director of the subsidiaries, since July 1999; Managing Director of The RMR Group Inc. since March 2018; Secretary of Diversified Healthcare Trust and its subsidiaries since 2008, and Managing Trustee and director of the subsidiaries from March 2018 to June 2021; Secretary of Industrial Logistics Properties Trust and its subsidiaries since January 2018; Secretary of Service Properties Trust and its subsidiaries since 2008; Secretary of AlerisLife Inc. ~~(f/k/a Five Star Senior Living Inc.)~~ and its subsidiaries since September 2001; Managing Trustee of Office Properties Income Trust and director of its subsidiaries since June 2021, and Secretary since February 2009; Secretary of Seven Hills Realty Trust ~~(f/k/a RMR Mortgage Trust) and its predecessor companies~~ since 2006; and Secretary of ABP Trust and its subsidiaries since 2016; and Secretary of MPC Partnership Holdings LLC (now doing business as RMR Residential) since December 2023, and of its direct wholly owned subsidiaries. Ms. Clark is based in Newton, Massachusetts. Ms. Clark intends to retire in December 2025.

~~Robert C. Gunkel – Executive~~David Bryan – Senior Vice President, Treasurer

Mr. ~~Gunkel has~~Bryan will serve~~d~~ as our and SRLHCF's ~~Executive~~Senior Vice President, Treasurer, ~~as RLHC's Treasurer,~~ and ~~as~~ Sonesta's ~~Executive Vice President, Treasurer, and~~ Chief Financial Officer ~~since January~~starting April 2025. Mr. Bryan has previously served as Sonesta's Senior Vice President, Finance, from May 2024 to March 2025. From ~~May 2021~~April 2023 to ~~December~~June 2023, Mr. ~~Gunkel was an Adjunct Professor at Georgia State University~~Bryan served as Senior Vice President, Finance, of Shift 4 in Allentown, Pennsylvania. Prior to that, Mr. Bryan held the following positions, each located in Atlanta, Georgia~~. From August 2020 to May 2021, Mr. Gunkel was the Managing Director for Level 5 Capital in Atlanta, Georgia. From October 2018 to August 2020, Mr. Gunkel was self-employed as a consultant in Atlanta, Georgia. Mr. Gunkel is based in Newton, Massachusetts.~~: Senior Vice President and Segment Chief Financial Officer, Americas, of EVO Payments (subsequently acquired by Global Payments) from May 2020 to April 2023, and Vice President, Hotel Finance and Business Support of Accor from July 2019 to May 2020. Mr. Bryan was between positions from July 2023 to May 2024. Mr. Bryan is based in Orlando, Florida.

Bradford Maxwell – Senior Vice President, General Counsel

Mr. Maxwell has served as our and SRLHCF's Senior Vice President, General Counsel since March 2021. Mr. Maxwell also has served as General Counsel of Sonesta in Newton, Massachusetts since May 2015. Mr. Maxwell is based in Newton, Massachusetts.

Jordan Langlois – Senior Vice President, Franchise Operations

Mr. Langlois has served as our and SRLHCF's Senior Vice President, Franchise Operations since November 2017. From October 2016 to November 2017, Mr. Langlois served as Vice President, Member & Franchise Operations of RLHC in Denver, Colorado. From January 2010 to October 2016, Mr. Langlois served as Vice President, Brand Management of VHGI in Coral Springs, Florida. Mr. Langlois is based in Newton, Massachusetts.

Christopher Trick – ~~Senior Vice President,~~ Chief Marketing and Performance Officer

Mr. Trick has served as our ~~and SRLHCF's~~, SRLHCF's, and RLHC's Chief Marketing and Performance Officer since August 2024. From September 2020 to August 2024, Mr. Trick served as our, SRLHCF's, and RLHC's Senior Vice President, Chief Marketing Officer ~~since September 2020. Mr. Trick also has served as Senior Vice President, Chief Marketing Officer of RLHC~~ in Newton, Massachusetts ~~since September 2020~~. From August 2018 to August 2020, Mr. Trick was employed by Southern Carlson, in Omaha, Nebraska, as Vice President, Head of Marketing. Mr. Trick is based in Newton, Massachusetts.

Brian Quinn – Chief Development Officer

Mr. Quinn has served as our and SRLHCF's Chief Development Officer since March 2021. Mr. Quinn has also served as an advisory board member of Black Swan Asset Management in West Palm Beach, Florida since March 2023. From September 2020 to December 2020, Mr. Quinn served as Chief Development Officer of Domio in New York, New York. From January 2017 to January 2020, Mr. Quinn served as Senior Vice President Development of Choice Hotels in Rockville, Maryland. From May 2014 to December 2017, Mr. Quinn served as Chief Franchise Officer of RLHC in Denver, Colorado. Mr. Quinn was between positions from January 2021 to February 2021 as the result of a non-compete agreement with Domio, as well as from February 2020 to August 2020. Mr. Quinn is based in Newton, Massachusetts.

Jason Yarbrough – Senior Vice President, Franchise Development

Mr. Yarbrough has served as our and SRLHCF's Senior Vice President, Franchise Development, since September 2022. Prior to that, Mr. Yarbrough was employed by Radisson Hotels as Senior Vice President from February 2020 to September 2022 in Minneapolis, Minnesota, and as Regional Vice President from January 2015 to January 2020 in Columbus, Ohio. Mr. Yarbrough is based in Cumming, Georgia.

Phillip Hugh – Senior Vice President, Head of Lifestyle and Luxury Lodging Development

Mr. Hugh has served as our and SRLHCF's Senior Vice President, Head of Lifestyle and Luxury Lodging Development since February 2023. Mr. Hugh has also been a Principal for Hugh Hotel Group since September 2022 in Palm Harbor, Florida. From August 2020 to August 2022, Mr. Hugh served as Chief Development Officer of Radisson Hotel Group Americas in Minneapolis, Minnesota. From November 2013 to July 2020, Mr. Hugh served as Chief Development Officer and Chief Operating Officer of Red Roof Franchising in New Albany, Ohio. Mr. Hugh is based in Tampa, Florida.

Cynthia Kelly – Vice President, Franchise Administration

Ms. Kelly has served as our and SRLHCF's Vice President, Franchise Administration since June 2022. Prior to that, Ms. Kelly was employed by Engel & Völkers Americas, Inc. as Vice President, Contract Management from June 2015 to June 2022 in New York, New York. Ms. Kelly is based in Newton, Massachusetts.

Taylor Goff – Vice President, Franchise Development & Re-Licensing

Mr. Goff has served as our and SRLHCF's Vice President, Franchise Development & Re-Licensing since November 2019. Mr. Goff also served as Director, Franchise Development & Re-Licensing for RLHC from November 2018 to October 2019, and as Senior Manager, Development for RLHC from October 2016 to October 2018 in Denver, Colorado. Mr. Goff is based in Columbus, Ohio.

Adam Portnoy – Director

Mr. Portnoy has served as our, SRLHCF's and RLHC's director since March 2021. Mr. Portnoy also holds or has held the following positions, each located in Newton, Massachusetts: Director of Sonesta and its subsidiaries since January 2012; Managing Director, President and Chief Executive Officer of The RMR Group Inc. since June 2015; President and Chief Executive

Officer of The RMR Group, LLC since 2005; Trustee and President of ABP Trust, and director and President of its subsidiaries, since January 2016; Managing Trustee of Diversified Healthcare Trust, and director of its subsidiaries, since January 2007; Managing Trustee of Industrial Logistics Properties Trust, and director of its subsidiaries, since September 2017; Managing Trustee of Office Properties Income Trust, and director of its subsidiaries, since January 2009; Managing Trustee of Service Properties Trust, and director of its subsidiaries, since January 2007; Managing Trustee of Seven Hills Realty Trust ~~(f/k/a RMR Mortgage Trust) and its predecessor companies,~~ and director of its subsidiaries~~,~~ since ~~2007~~2009; and ~~D~~director of AlerisLife Inc. ~~(f/k/a Five Star Senior Living, Inc.), and director of~~and its subsidiaries~~,~~ since March 2018~~. Mr. Portnoy has been a~~; ~~D~~director of Tremont Realty Capital LLC ~~(formerly Tremont Realty Advisors LLC) in Newton, Massachusetts~~ since March 2016, and ~~served as its~~ President and Chief Executive Officer from March 2016 through December 2017; and President of MPC Partnership Holdings LLC (now doing business as RMR Residential) since December 2023, and of its direct wholly owned subsidiaries. Mr. Portnoy is based in Newton, Massachusetts.

ITEM 3.LITIGATION

Pending Litigation:

Special Situations Fund III QP, L.P, et al., v. Adam D. Portnoy, et al., Case No. 24-C-23-003556 (Maryland Circuit Court for the Baltimore City Circuit). On August 11, 2023, a putative class action lawsuit was filed by former TravelCenters of America Inc. ("TravelCenters") stockholders in connection with the merger of TravelCenters and Bluestar RTM Inc., an indirect wholly owned subsidiary of BP Products North America Inc. ("BP"), pursuant to which BP purchased all common stock of TravelCenters for $86 per share in cash and TravelCenters survived the merger and became an indirect wholly-owned subsidiary of BP (the "BP Merger"). On November 30, 2023, the court granted the plaintiffs' motion to consolidate the case with another case brought by a separate group of former TravelCenters stockholders regarding the BP Merger, and the plaintiffs filed an amended complaint on January 5, 2024 to consolidate the claims and parties. The amended complaint is filed against the former members of TravelCenters' board of directors, including Adam Portnoy ("Portnoy"), and certain other defendants, including BP and certain entities that acted as TravelCenters' landlord and manager. The amended complaint alleges, among other things, that the board members breached their fiduciary duties to maximize shareholder value in approving the BP Merger, while purportedly failing to adequately consider a potentially higher per share indication of interest from another potential purchaser, as well as a failure to disclose all necessary information about the BP Merger to stockholders. The amended complaint further alleges that the other defendants aided and abetted the alleged breach. The complaint further alleges that the board members' connections with the other non-BP defendants created a conflict of interest that led them to favor BP's bid to purchase TravelCenters for an allegedly inadequate price. The complaint seeks certification of the putative class of former TravelCenters stockholders, a finding that the board members breached their fiduciary duties to TravelCenters stockholders and that the other defendants aided and abetted those alleged breaches, and award of unspecified monetary damages, costs, expert fees, attorneys' fees and other relief. On February 12, 2024, defendants jointly moved to dismiss the consolidated amended class action complaint~~, and this motion is currently pending, with~~. ~~b~~Briefing ~~scheduled to~~ concluded ~~by~~on April 5, 2024~~.~~, and the Circuit Court heard oral argument on April 22, 2024. The circuit court granted the motion to dismiss on May 8, 2024, which was appealed by plaintiffs on May 30, 2024. Oral argument is anticipated to be scheduled in April 2025.

Concluded Litigation Relating to the Merger:

Eight lawsuits were filed by purported RLHC stockholders in United States District Courts in connection with the merger (the "Merger") of RLHC with and into a wholly owned subsidiary of Sonesta:

Van Cleave v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00177, Filed February 9, 2021 (U.S. District Court for the District of Delaware)
Raul v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-01208, Filed February 10, 2021 (U.S. District Court for the Southern District of New York)
Romero v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-01307, Filed February 12, 2021 (U.S. District Court for the Southern District of New York)
Babiker v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00440, Filed February 15, 2021 (U.S. District Court for the District of Colorado)
Finger v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00513, Filed February 22, 2021 (U.S. District Court for the District of Colorado)
Franchi v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00558, Filed February 24, 2021 (U.S. District Court for the District of Colorado)
Waterman v. Red Lion Hotels Corporation, et al., Case No. 21-cv-00916, Filed February 26, 2021 (U.S. District Court for the Eastern District of Pennsylvania)
Anderson v. Red Lion Hotels Corporation, et al., Case No. 21-cv-00617, Filed March 2, 2021 (U.S. District Court for the District of Colorado)

In each of these eight lawsuits, the purported RLHC stockholder filed a complaint against RLHC and the members of the RLHC board of directors alleging that the preliminary proxy statement filed by RLHC on January 26, 2021, or the definitive proxy statement filed by RLHC on February 9, 2021, in connection with the Merger failed to provide certain information allegedly material to RLHC stockholders in violation of Sections 14(a) and 20(a) of the Securities and Exchange Act of 1934 (as amended, the "Exchange Act") and Rule 14a-9 promulgated thereunder. The requests for relief under each of the complaints were generally the same, and included a request: for an injunction enjoining the proposed Merger and any vote on the proposed Merger until defendants disclosed and disseminated the allegedly omitted material information; for rescission of the Merger in the event the defendants consummated the Merger (or an award of rescissory damages); for dissemination of a proxy statement that did not contain allegedly untrue statements of material fact and that did not omit allegedly material information; a declaratory judgment that the defendants violated Sections 14(a) and/or 20(a) of the Exchange Act and Rule 14a-9 promulgated thereunder; and an award of plaintiff's attorneys' and experts' fees; and other relief. In response to those lawsuits, RLHC filed a Form 8-K (Current Report) on March 9, 2021, which included certain supplemental disclosures in order to moot plaintiffs' disclosure claims and avoid further nuisance and business delays. As of March 31, 2021, the plaintiffs in each of these eight lawsuits voluntarily dismissed their respective claims, and on September 8, 2021, the parties entered into an agreement that provided for a mutual release of claims and for RLHC to pay the plaintiffs' attorneys an aggregate amount of $240,000 in fees.

Concluded Litigation Unrelating to the Merger:

Radisson Hotels International, Inc. v. Red Lion Hotels Corporation d/b/a RLH Corporation, and Red Lion Hotels Franchising, Inc., Case No. 2:18-cv-00303 (U.S. District Court for the Eastern District of Washington). On September 26, 2018, plaintiff, which is a competitor of RLHC and SRLHF, filed a lawsuit against RLHC and SRLHF for tortious interference with franchise license agreements and a global settlement agreement as a result

of SRLHF entering into franchise agreements with nine properties that were previously licensees of plaintiff, which properties allegedly exited plaintiff's franchise system prior to the expiration of their franchise license agreements. On August 25, 2021, plaintiff, RLHC and SRLHF entered into a Settlement Agreement and Release in which plaintiff, on the one hand, and RLHC and SRLHF, on the other hand, agreed to mutually release one another from all claims, and, without admitting any liability, RLHC and SRLHF agreed to pay plaintiff $500,000. On September 2, 2021, the court granted the parties' Stipulated Motion for Dismissal, dismissing all of the parties' claims with prejudice.

Red Lion Hotels Franchising, Inc. v. Remo Polselli, Case No. 2:19-cv-00082 (U.S. District Court for the Eastern District of Washington). On March 14, 2019, SRLHF filed a lawsuit against defendant, the guarantor of a former franchisee, for breach of its guarantee as a result of defendant's failure to ensure the former franchisee's performance under the franchise license agreement, including payment of amounts due. SRLHF requested monetary damages. On August 9, 2019, defendant filed a motion to quash personal service and dismiss the lawsuit for lack of personal jurisdiction; defendant filed an amended motion on August 16, 2019. On October 24, 2019, the court denied defendant's motion. On November 18, 2019, defendant filed an answer and an affirmative defense of lack of authorization or forgery, claiming the guarantee was signed by an unauthorized party and is therefore voidable at the option of defendant, or was forged and is void *ab initio*. On February 24, 2020, defendant filed an amended answer, additional affirmative defenses and a counterclaim for attorneys' fees and costs incurred in defending against the lawsuit. On October 9, 2020, the court granted the parties' stipulated motion and entered an Order of Dismissal without Prejudice, dismissing all of the parties' claims without prejudice.

Linger Chu and His-Hsieh Chu v. Jim Tang, Red Lion Hotels Franchising, Inc. and Does 1-100, Case No. BC712103 (Superior Court of the State of California, County of Los Angeles). On June 28, 2018, plaintiffs filed a lawsuit against SRLHF and third parties for intentional misrepresentation, negligent misrepresentation, and declaratory relief resulting from plaintiffs' sale of their Red Lion-branded hotel in violation of their franchise agreement. Following the sale, SRLHF sought to enforce its rights resulting from plaintiffs' unapproved transfer, and plaintiffs allege they were told they could proceed with the sale without violating their franchise agreement. Plaintiffs sought an unspecified amount of monetary damages and declaratory relief. On March 28, 2019, the plaintiffs and SRLHF entered into a Settlement and Release Agreement in which the plaintiffs and SRLHF agreed to mutually release one another from all claims and the plaintiffs agreed to pay SRLHF $250,000 and execute a confession of judgment. On April 2, 2019, the court entered a Stipulation and Order for Final Dismissal, dismissing all of plaintiffs' claims with prejudice.

Red Lion Hotels Franchising, Inc. v. Ghazanfar Khan, et al., Case No. 2:17-cv-00094, Case No. 2:17-cv-00155 (U.S. District Court for the Eastern District of Washington). On March 13, 2017, SRLHF filed a lawsuit against two former franchisees and their guarantors for trademark infringement, false designation of origin and breach of contract as a result of their failure to comply with their post-termination obligations under their franchise agreements (the "Franchise Agreement Lawsuit"). In May 2017, SRLHF filed a second lawsuit against the guarantors for breach of contract as a result of their failure to comply with their post-termination obligations under their guaranties and the underlying franchise agreements (the "Guaranty Lawsuit," together with the Franchise Agreement Lawsuit, the "Khan Lawsuits"). In August 2017, the defendants in the Khan Lawsuits filed respective amended answers and asserted amended counterclaims against SRLHF for breach of contract, violation of the Washington Franchise Investment Protection Act and violation of Washington Consumer Protection Act alleging that SRLHF charged additional fees which were not identified in the applicable

franchise agreements. On November 29, 2017, the court issued an order compelling arbitration of defendants' counterclaims in both Khan Lawsuits, denying all pending motions as moot, and staying SRLHF's pending claims pending the outcome of arbitration. On December 28, 2018, the parties entered into a Confidential Settlement and Mutual Release Agreement in which the parties agreed to mutually release each other from all claims, defendants paid to SRLHF $500,000, and defendants agreed to immediately cease all use of our proprietary service marks and trademarks. The court subsequently issued final judgment and orders in the Khan Lawsuits (in May 2019 for the Franchise Agreement Lawsuit, and in June 2019 for the Guaranty Lawsuit) permanently enjoining defendants from further use of SRLHF's marks and dismissing all claims and counterclaims in the Khan Lawsuits with prejudice, pursuant to the stipulation and agreement between the parties.

Red Lion Hotels Franchising, Inc. v. Kumar and Sadikila Vemulapalli, Case No. 16-2-01814-3 (Superior Court of Washington, County of Spokane). On May 12, 2016, SRLHF filed a complaint against guarantors of a former franchisee seeking to enforce their personal guaranty of a franchise agreement. On December 15, 2017, defendants filed an answer, affirmative defenses and counterclaims for breach of contract, breach of the implied covenant of good faith and fair dealing, promissory estoppel/reliance damages, and fraud in the inducement/fraud alleging that SRLHF: (1) failed to provide services and support under the franchise agreement, (2) demanded payment of fees other than what defendants allege was agreed upon, (3) countersigned a copy of the franchise agreement that did not contain defendants handwritten changes and therefore was not what defendants believed to be the contract, and (4) interfered with hotel operations following termination. On December 18, 2018, the parties entered into a Settlement and Release Agreement in which the parties agreed to mutually release each other from all claims and defendants agreed to pay SRLHF $80,000. On June 13, 2019, the court dismissed all claims with prejudice.

Red Lion Hotels Franchising, Inc. v. Minnesota Hospitality, Inc., Case No. 2:19-cv-00061 (U.S. District Court for the Eastern District of Washington). On February 22, 2019, SRLHF filed a lawsuit against defendant, the guarantor of a former franchisee, for breach of its guarantee as a result of defendant's failure to ensure the former franchisee's performance under the franchise license agreement, including payment of amounts due. SRLHF requested monetary damages. On April 26, 2019, defendant filed an answer and counterclaim requesting a declaratory judgment that the guarantee of the franchise license agreement is unenforceable and void as a result of SRLHF's alleged fraud in the inducement based on SRLHF providing information and representations that defendant alleges were false and inaccurate. On October 7, 2019, defendant and SRLHF entered into a settlement and release agreement in which defendant and SRLHF agreed to mutually release one another from certain claims and the defendant agreed to pay SRLHF $150,000 and execute a confession of judgment. On October 22, 2019, the court granted the parties' stipulated motion to dismiss.

Red Lion Hotels Corporation v. Tiya Hospitality, LLC, Case No. CV-2017-902126.00 (Circuit Court of Jefferson County, Alabama). In May 2017, RLHC filed a lawsuit against a former brand member for failure to pay amounts due and breach of contract for failure to pay amounts due. On July 3, 2017, defendant filed an answer and counterclaim, alleging that RLHC breached the membership agreement, and seeking monetary damages and declaratory judgment. The parties entered into a Confidential Mutual Release and Settlement Agreement on February 19, 2018, under which defendant paid to RLHC $10,500 and the parties agreed to mutually release each other from all claims. On August 9, 2018, the court entered an Order of Dismissal.

Red Lion Hotels Franchising, Inc. v. JS Three Star Investment Inc., Case No. 96777-422 (District Court of the 422nd Judicial District, Kaufman County, Texas). In December 2016, SRLHF filed a lawsuit against a former franchisee for failure to pay its account, unjust enrichment and breach of contract as a result of its failure to pay amounts due under the membership agreement. On March 8, 2017, defendant filed an answer and counterclaim alleging that SRLHF failed to provide services under the membership agreement, which defendant alleges was a violation of the Texas Deceptive Trade Practices Act, requesting damages in the amount of $81,000. On December 11, 2017, the parties entered into a confidential settlement agreement in which the parties agreed to mutually release each other from all claims. On January 18, 2018, the court dismissed the case with prejudice.

Suits Against Former Franchisees/Guarantors to Collect Unpaid Amounts and Liquidated Damages:

Sonesta RL Hotels Franchising~~,~~ Inc. v. Ganapati LLC and Mayuri Patel ~~et al.~~, ~~Case~~Civil Action No. 1:~~23~~24-cv-~~12548~~-11518-~~JEK~~DJC, Filed ~~October 26~~June 10, ~~2023~~2024 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. Sai Genesh LLC, Kunal Patel, and Parth Patel, Civil Action No. 1:24-cv-11534-RGS, Filed June 11, 2024 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. TGP ACO II TIC, LLC and Ternion Growth Partners, LLC, Civil Action No. 1:24-cv-11539-MJJ, Filed June 12, 2024 (United States District Court for the District of Massachusetts)

Other than the above, 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 Fee

You must pay us an initial fee equal to the greater of $75,000 or $500 per Guest Room (as defined below) (the "Initial Fee") when you sign the Franchise Agreement. The Initial Fee is fully earned and non-refundable and must be paid before we will countersign the Franchise Agreement. During the 2024 calendar year, we charged a discounted Initial Fee of $65,000 for one Brand Hotel with fewer than 150 Guest Rooms.

"Guest Room" means each rentable unit in your Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key. Adjacent Guest Rooms with connecting doors that can be rented as separate units are considered separate Guest Rooms. The initial number of approved Guest Rooms will be identified on Exhibit A to the Franchise Agreement.

Other Initial Fees

If you are entering into the Franchise Agreement for a newly constructed Brand Hotel, or if you are converting an existing hotel into a Brand Hotel, you will pay us an onboarding administration fee of $5,000 for the onboarding services we provide to you in connection with the opening of your Hotel. If you are acquiring an existing Brand Hotel, you will pay us a reduced onboarding administration fee of $2,500. This fee is non-refundable and is due during or immediately after the onboarding process.

If you are converting an existing hotel into a Brand Hotel, prior to the execution of the Franchise Agreement, you must pay us up to $5,000 ("PIP Fee") to cover our costs to perform an initial inspection of your property, prepare a property improvement plan ("PIP"), and verify completion of the PIP. The PIP will set forth a list of property improvements that you must make to convert your property to a Brand Hotel under the Brand Standards. The PIP Fee is non-refundable. If we are required to reinspect your Hotel to ensure you have complied with the PIP, you must pay us a PIP reinspection fee of up to $5,000. These fees will be due when billed and are non-refundable.

You will pay us a fee in the amount of $5,000 for the ~~pre-opening~~initial brand training we provide to you. The initial brand training fee is due when you sign the Franchise Agreement and is non-refundable. In the event the initial brand training is conducted in-person rather than virtually, you must also reimburse us for our personnel's travel, meals, and lodging expenses, which we estimate to be up to $2,500. These costs are due when billed and are non-refundable.

You will be required to pay a PMS Interface and Tokenization Set Up Fee, which is charged by our third-party central reservation system ("CRS") provider, for setting up an interface with your PMS. You must pay the base fee in the amount of $650, which includes CRS tokenization and 2-way PMS integration. Additional optional features and services are available for additional fees, including 2-way RMS integration for $295 and/or 2-way enhanced reservation push for $800. We will collect this PMS Interface and Tokenization Set Up Fee from you and remit it to our CRS provider. This fee will be due when billed and is non-refundable.

In connection with your sales technology platform, you will be required to pay us an onboarding fee of $565, a quarterly installment of the annual fee in the amount of $1,250, and the first monthly maintenance fee of $150, for the cost of middleware software for distribution of online leads, Global Centralized RFPs, connection of the Cvent sourcing platform to the middleware, software, and software enabling the integration of live inventory from compatible sources into the sales and catering system to manage group bookings for sales and catering system providing account and contact management, and reporting and analysis. These fees are due when billed and are non-refundable.

If you ~~are converting an existing hotel into a Brand Hotel and you~~ require assistance from us to configure and install certain components of your Hotel's IT system and property management system, you will be required to pay us a services fee. The components you implement for your Hotel will depend upon the complexity of your Hotel, such as the size and location, and the existing systems in your Hotel. The IT implementation services fee ranges from $15,000 to $52,000. This fee is due when billed and is non-refundable.

You will be required to pay us $5,000 for photography expenses prior to the opening of your Hotel, which is charged by the third-party photographer. We will collect this fee from you and remit it to the photographer. This fee will be due when billed and is non-refundable.

If your Hotel requires custom architecture and design review by us, you will pay us for those services. We estimate these costs to be ~~up~~$15,000 to $25,000 if you are converting an existing hotel into a Brand Hotel, and ~~up~~$25,000 to $35,000 for a newly constructed Brand Hotel. This fee is due when billed and is non-refundable.

You must install one of the revenue management systems ("RMS") that we designate. We estimate that the installation of the RMS will cost between $1,500 to $10,000. These costs are paid to us on behalf of the third-party service provider and are non-refundable.

If you enter into a Franchise Agreement for a newly constructed Brand Hotel, and you do not begin the construction of your Hotel by the scheduled start date, you will pay us a construction start date extension fee in the amount of $5,000. This fee will be due when billed and is non-refundable.

If you need us to review and process a lender comfort letter in connection with the conversion or construction of your Hotel, you must pay us $2,000 to cover our administrative fees for such review. This fee is non-refundable.

ITEM 6.OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Royalty	5% of Gross Rooms Revenue	Payable monthly by the 20th day of the following month	See Note 2.
Brand Promotion Fee	2.5% of Gross Rooms Revenue	Payable monthly by the 20th day of the following month	See Note 2. We may increase the Brand Promotion Fee up to 3.5%, upon notice to you.
Loyalty Program	4.5% of Qualified ~~Room~~ Revenue	Payable monthly by the 20th day of the following month	See Note 3.
Reservation Fees	$1.75 to $~~9.50~~10.50 per reservation	Payable monthly by the 20th day of the following month	See Notes 4 and ~~5~~9.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
~~Travel Agency Commissions~~	~~10% of TAC Consumed Revenue~~	~~Payable monthly by the 20th day of the following month~~	~~See Note 6.~~
Travel Agency Commission Settlement Fee	Up to $0.85 per transaction	Payable monthly by the 20th day of the following month	See Notes ~~7~~5 and 9.
Groups, Meetings, and Events	5% on consumed master folio per group	Payable monthly by the 20th day of the following month	This is a Sales Administrative fee charged by us to help defray some of the costs incurred by us in generating certain business for you. If you fail to report the number of room nights actually consumed by a group within 15 days of the group's departure, this fee will be charged based on the contracted for room nights. See Note 9.
Travel Management Company ("TMC") and Consortia Fees	~~$3.50 per room night~~3.25% of Consumed Revenue (in addition to standard travel agency commission)	Payable monthly by the 20th day of the following month	~~If you receive reservations through TMCs or consortia, you will pay a listing fee set by the TMC or~~ This fee applies to our preferred TMC/~~c~~Consortia/Affinity group. You also will be responsible for any commissions or other remuneration payable to the TMC or consortia participant. "Consumed Revenue" means the gross revenue generated from bookings consumed through travel agencies. See Note 9.
Ignite Booking Program (Annual Fee)	$500 per year (or $800 per year if integrated with Delphi Sales System)	Payable annually	This is an administrative fee charged by us to offset the costs incurred by us in facilitating this internal lead referral program between participating hotels. This fee is payable on a calendar year basis, due in full when invoiced, and will not be prorated for partial calendar years. See Note 9.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Ignite Booking Program (Monthly Fee)	7% on consumed master folio per group	Payable monthly by the 20th day of the following month	~~In addition to~~Separate from the annual fee, you also will pay us 7% of revenue generated from the Ignite Booking Program. If you fail to report the number of room nights actually consumed through the Ignite Booking Program within 15 days of the guest's departure, this fee will be charged based on the contracted for room nights. See Note 9.
Business Pass Booking Program	We anticipate the fee will be $350 per year	If required, ~~P~~payable annually	We may impose ~~T~~this fee to offset~~s~~ the cost of the Corporate Travel Business Pass program tailored for small and mid-sized transient corporate clients that is designed to reward and recognize existing relationships as well as attract new business opportunities. This fee is not currently charged, but we may elect to start collecting this fee at any time. If we collect this fee, it will be payable on a calendar year basis, due in full when invoiced, and will not be prorated for partial calendar years. See Note 9.
Technology Fee	$9.00 per Guest Room per month	Payable monthly by the 20th day of the following month	~~Includes services such as, but not limited to, an allocation of IT infrastructure and hotel support costs, PMS Support, revenue optimization services, cyber security programs, learning management and information sharing systems, guest experience systems, financial systems and data analytics and interfaces, Customer Relationship Management, and guest loyalty management program integration.~~ The Technology Fee does not include the cost, installation, maintenance~~,~~ or repair of any equipment at your Hotel. See Note 9.
Sales Technology Platform (Annual Fee)	$5,000 per year ($1,250 per calendar quarter)	Payable quarterly	This is an annual fee charged by us for costs associated with the Focus Services Sales Technology Platform and payable in quarterly installments. Quarterly installments will be due for any full or partial calendar quarter of the term. See Note 9.
Sales Technology Platform (Monthly Fee)	$150 per month	Payable monthly, by the 20th day of the following month	In addition to the annual fee, you will also pay us $150 per month for on-going maintenance and services associated with the Focus Service Sales Technology Platform. See Note 9.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Corporate Transient and Consortia Account Support Subscription and Services	$1,355 - $2,200 per year ($112.91 to $183.33 per month)	Payable monthly by the 20th day of the following month	~~Includes hotel profile creation and ongoing management in the Cvent RFP management system, RFP bid submissions, and GDS rate code mapping~~This is an annual fee payable on a calendar year basis in monthly installments. Monthly payments for any partial calendar year of the term will be adjusted such that this annual fee is paid in full without proration. Prices vary by market tier ~~and are subject to change~~. See Note 9.
Guest Relations Fee	$25 to $125 per issue	As billed	See Notes ~~8~~6 and 9.
Operations Insights	Up to $~~125~~150 per month	Payable monthly by the 20th day of the following month	~~We periodically may increase this fee.~~ Operations Insights includes an online review ~~tools and quality assurance self-assessment~~management and response tool~~s~~. We periodically may add additional tools such as a guest satisfaction survey or other guest insight management tools and change the components or restructure the program. See Note 9.
Online Review Response Fee	$39 to $150 per response	As billed	See Notes 7 and 9.
Quality Assurance Annual Inspection	Up to $~~2,000~~2,500 once per year, plus appropriate and customary travel, lodging, and meals. If your Hotel fails the quality inspection, a re-inspection will be required at an additional fee of up to $4,000 plus appropriate and customary travel, lodging, and meals.	As incurred	Inspection and travel fees shall be paid to SRLHF, its affiliate or a third party, as applicable, for the inspection process. ~~Prices are subject to change.~~ See Notes ~~10~~8 and 9.
Quality Assurance and Guest Satisfaction Deficiency Remediation	Up to $5,000 per occurrence, plus appropriate and customary travel, lodging, and meals	As incurred	See Notes ~~10.~~8 and 9

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Brand Conference Fee	$~~100~~250 per month	Payable monthly by the 20th day of the following month	This fee covers the attendance for one person at the brand conference. If you are permitted to send additional attendees, you will be required to pay an additional $~~695~~795 per attendee prior to their attendance at the conference. ~~We periodically may increase the conference fee.~~ You also will be responsible for the travel costs and expenses for your attendees. See Note 9.
Initial Brand Training Fee	$5,000, plus reimbursement of our travel costs and expenses	As incurred	Currently, our initial brand training program is up to 4 days, conducted virtually, unless otherwise determined, at a cost of $5,000 plus reimbursement of our travel costs and expenses (in the event of in-person training), which we estimate to be up to $2,500. One of your Hotel Representative(s) (defined below) must complete our initial training for certification prior to opening or within 90-days of activating your Hotel in our system. If such Hotel Representative ceases to be employed by you, a new Hotel Representative will be required to attend the initial brand training program, and you will be required to pay this fee for them to attend. See Item 11. "Hotel Representative" refers to your General Manager (defined in Item 15), or other hotel representative having equivalent authority and responsibilities (such as your owner).
Ongoing Training Fees	In-person/on-site: $2,000/day, plus reimbursement of our travel costs and expenses Virtual Ad-Hoc: $200 per hour of training	As billed	Ongoing brand training is conducted in-person/on-site or virtual ad hoc. If you request that we send a trainer to your Hotel, you will also reimburse us for the travel, living and miscellaneous expenses our trainer incurs to provide that training. There are no additional travel costs and expenses if training is conducted virtually. See Note 9.
Non-Compliance Fee	1% of Gross Rooms Revenue per month of non-compliance	Upon demand	If we deliver you notice of your breach under the Franchise Agreement, you may be assessed a non-compliance fee until such default has been remediated or cured.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Late Payment Charge	Lesser of 1.5% per month or the maximum rate permitted by applicable law	Upon demand	You may be assessed a late payment charge if you do not make any payment when due. Our acceptance of your payment of any deficiency will not waive our right to terminate the Franchise Agreement under its terms.
Reactivation Fee	The lesser of 25% of past due balances or $2,000	Prior to reactivation	If we have suspended your Hotel from the Reservation System because of a default under your Franchise Agreement, and you have cured the default, we may require you to pay this fee as a condition of reactivation~~. This fee is subject to change~~.
Insurance	$500 per month, plus reimbursement for all premiums, costs, and expenses we incur	As billed	If you do not procure or maintain the required insurance or policy limits described in the Brand Manual, in addition to paying us a monthly fee, we may (but are not obligated to) procure and maintain insurance for you without first giving you notice, and you will be required to reimburse us. The monthly fee is subject to change. See Item 8 and Note 9.
Taxes	Varies	Upon demand	If any sales, use, gross receipts, or similar tax is imposed on us for the receipt of any payments you are required to make to us under the Franchise Agreement, then you also must pay this tax to us.
Indemnification	Varies	Case by case basis as incurred	You must reimburse us if we are held liable for claims arising from ~~any claimed occurrence at~~the development or operation of your Hotel ~~or~~, the business you conduct under the Franchise Agreement, any default under your Franchise Agreement, and/or your employment practices or that are instituted by your employees, including attorneys' fees and court costs we reasonably incur to protect us, our parent, subsidiaries, or affiliates.
Transfer Fee	The ~~then-current~~ Initial Fee	Upon or before execution of the Franchise Agreement by transferee	If there is a proposed transfer and the proposed transferee desires to continue to operate your Hotel as a Brand Hotel, the proposed transferee must submit an application for a new franchise agreement. You or the transferee will pay the transfer fee. No transfer fee will be due if the transfer is to a spouse following the spouse's death.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Renewal Fee	The ~~then-current~~ Initial Fee	Upon or before execution of the renewal Franchise Agreement	
Administrative Fee for Lender Comfort or Other Requests	$2,000 per lender comfort letter and up to $5,000 per other request, and any additional costs we may incur in reviewing your documents or preparing such documentation, including reasonable attorneys' fees.	When you submit request	Administrative, legal review, and document preparation fees arising from extraordinary services such as amendments you request; amendments necessitated by your action or inaction (such as a lease amendment); or other documentation outside the ordinary course of business. See Note 9.
PIP Fee	Up to $5,000 per PIP	Upon demand	At any time during the term of the Franchise Agreement, if we determine your Hotel is not in compliance with Brand Standards or online reviews or guest comments have raised concerns with your compliance with Brand Standards, or in connection with a Periodic Renovation (defined in Item 11) notice, we may issue a PIP to you and charge you a PIP Fee. See Note 9.
PIP Reinspection Fee	Up to $5,000 per occurrence	Upon demand	In connection with any PIP, if we must reinspect your Hotel because you failed to comply with the PIP or Brand Standards, we may charge you ~~a $5,000 reinspection~~this fee. See Note 9.
Photography Expenses	Up to $5,000	As incurred	During the term of the Franchise Agreement, if your Hotel undergoes significant renovations or you make improvements in accordance with a PIP, we may require you to hire a professional photographer to take new photographs of your Hotel. ~~This f~~See ~~is subject to change by the third party photographer.~~Note 9.
Custom Architecture & Design Review	Up to $35,000	Upon request	We may charge you this fee in connection with any Guest Room design review, public area review, and exterior review, if it requires custom architecture and design review by us.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Default Remedies	You shall reimburse us for all our costs and expenses we incur to remedy your default.	Case by case basis as incurred	Our expenses may include attorneys' fees (including fees for in-house attorneys), court costs and non-legal fees reasonably incurred to protect us, our subsidiaries, or affiliates or to remedy your default.
Lost Revenue Damages	Lost Revenue Damages shall be calculated as follows: (1) the lesser of 36 or the number of full and partial calendar months remaining in the Term, multiplied by (2) the aggregate of the Royalty fee and Brand Promotion Fee percentages, multiplied by (3) the average monthly Gross Rooms Revenue of your Hotel during the 36 full calendar months immediately preceding the ~~termination~~last date of regular operations of your Hotel; provided, that if, as of ~~the termination~~such date, your Hotel has not been operating for at least 36 months, the average monthly Gross Rooms Revenue shall be based on the average Gross Rooms Revenue of your Hotel for all full calendar months during the period commencing on the Opening Date and ending as of the last full calendar month immediately preceding the last date of ~~termination~~regular operations of your Hotel.	Within 15 days after date of termination	If we terminate the Franchise Agreement because of your default or if you terminate the Franchise Agreement without cause, you must pay us the Lost Revenue Damages as liquidated damages. You also must pay us the Lost Revenue Damages if your Hotel closes due to fire or other casualty, and either of us elects to terminate the Franchise Agreement in connection with such termination.
Pre-Opening Damages	$3,600 per Guest Room	Upon demand	You must pay us these damages if we terminate the Franchise Agreement for your breach before the authorized opening of your Hotel.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
Unauthorized Opening Damages	$5,000 per day that your Hotel is open without authorization and our costs, including attorneys' fees	Upon demand	If you open your Hotel before we authorize it to open as a Brand Hotel, you must pay us liquidated damages to compensate us for damage to our Marks. You also must reimburse us for our costs of enforcing our rights.
Failure to De-Identify Damages	$500 per day, plus our expenses	Upon demand	If you fail to comply with all of your de-identification obligations within 30 days after the expiration or termination of your Franchise Agreement, you must pay us this fee for each day in which you are in breach of your obligations. This is in addition to other damages and remedies to which we may be entitled under applicable law.
Revenue Management For Hire	$995 to $2,500 per month depending on your room count, market and square feet of function space	Payable monthly by the 20th day of the following month	Note ~~11~~10 provides a description of this service which is required unless your Hotel has a Revenue Manager who meets our criteria. ~~Fees are subject to change~~See Note 9.
Revenue Management System	$~~10.06~~10.68 per Guest Room per month	Payable monthly by the 20th day of the following month	Fees for ongoing system maintenance and support. See Note 9.
Revenue Management System Training	$500 to $8,950 per user (depending on system selected and whether training is done on-site or virtually)	As billed	If you cease using the RMFH program after the first year following your Opening Date, your Hotel Revenue Manager (defined below) will be required to complete RMS training and you will incur this fee. If you hire a new Hotel Revenue Manager after RMS training is complete, you will pay a reduced fee of $500 to $4,700 per Hotel Revenue Manager. ~~These fees are subject to change~~ See Note 9.
Market Intelligence	$~~250~~295 per month	Payable monthly by the 20th day of the following month	Market Intelligence includes property-specific market benchmarking and rate shopping tools. Additional optional tools are available for additional fees. See Note 9.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Note 1)
American Hotel & Lodging Association Fee ("AHLA")	$4.50 per room per year	Payable monthly by the 20th day of the following month	You will be enrolled automatically as a member of the AHLA each year, but you will be given an opportunity, on an annual basis, to opt out of participation. While enrolled, you will pay this fee to us, which we will remit to the AHLA.
Reservation System Maintenance Fee: Future Rate and Inventory	$250 – 1st occurrence $500 – 2nd occurrence $1,000 – per occurrence thereafter	As billed	We charge this fee if you fail to meet our performance standard of maintaining on the Central Reservation System at least 12 months of your advance room rates and inventory at all times. See Note 9.
Reservation System Maintenance Fee: Central Reservation System Services	$150 per occurrence	As billed	You incur this fee if you request additional assistance with performing Central Reservation System maintenance. See Note 9.
Alternative Payment Fee	$25 processing fee per each occurrence for paper check. 3.5% processing fee for credit card payment.	As billed	This fee will be charged if you request that we process payments using a method other than direct debit ~~and is subject to change~~.
Guest Room Addition Fee	The greater of $500 per additional Guest Room or $5,000	When you submit an application to add Guest Rooms	If you add or construct additional Guest Rooms at your Hotel after signing the Franchise Agreement, you will pay us this fee.
Audit	Cost of audit, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees	As billed	This is payable only if we find that you have underreported Gross Rooms Revenue by 2% or more, or if the audit is caused by your failure to provide reports, records or other information.

Note 1 - Unless otherwise indicated, all fees described in this Item 6 are payable to us and are non-refundable. Fees may not be uniform for all franchisees. You will authorize us to debit your checking, savings, or other account automatically for Royalties, Brand Promotion Fees, and other amounts due to us or our affiliates. We may process the transfers at the time any payment is due and owing. If we permit you to pay by any other means, we may condition our approval on the payment of the alternative payment fee per transaction. We also may periodically change your required method of payment upon notice to you.

Note 2 – Your obligation to make monthly payments of Royalty and Brand Promotion Fees will begin on the earlier of (a) the Opening Date, or (b) the date you begin operating your

Hotel under the Hotel Trade Name (defined in Item 13). "Opening Date" means the designated date you are required to open your Hotel, as provided on Exhibit A to the Franchise Agreement, unless we otherwise agree in writing. If you sign a Franchise Agreement in connection with the acquisition of an existing Brand Hotel, your Opening Date will be the day you close on the acquisition of your Hotel. You will be responsible for all booking and transaction fees incurred in connection with reservations made or consumed for your Hotel, and you must make payments for all other fees and commissions from the time those fees are incurred, regardless of the Opening Date of your Hotel.

"Gross Rooms Revenue" means all revenue attributable to or payable for rental of Guest Rooms at your Hotel, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, whether or not collected, including guaranteed no-show revenue, revenue calculated on reservations cancelled outside of your Hotel's cancellation policy or outside of the reservation channel in which it was made, any proceeds actually received from any business interruption or similar insurance applicable to the loss of revenue due to the non-availability of Guest Rooms, and any miscellaneous fees charged to all guests regardless of the accounting treatment of such fees, net of chargebacks from credit card issuers. Excluded from Gross Rooms Revenue are separate charges to guests for food and beverage (including room service); vending machine receipts; actual telephone charges for calls made from a guest room; key forfeitures and entertainment (including internet fees and commissions); allowances for any Guest Room rebates and overcharges; gratuities to employees or service charges levied in lieu of such gratuities, which are payable to employees; and federal, state and local sales, occupancy and use taxes collected from guests.

If you fail to report your Hotel's Gross Rooms Revenue, we may debit your account for 110% of the average of the last three Royalty and Brand Promotion Fee payments that we debited. If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the true and correct Gross Rooms Revenue), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following month.

Note 3 – Your Hotel must participate in the loyalty program (as it may be modified) for as long as we choose to offer a loyalty program. See Item 11 for additional details related to our current loyalty program. The loyalty program contribution is currently 4.5% of Qualified ~~Room~~ Revenue. "Qualified ~~Room~~ Revenue" includes (a) Qualifying ~~Room~~ Rates (defined below), and (b) at our discretion, any other items charged to the loyalty program member~~'s room~~ not defined in item (a). "Qualifying ~~Room~~ Rates" include: (1) non-discounted rates; (2) standard corporate rates; (3) leisure rates; (4) government rates; (5) corporate and negotiated rates; (6) conference and meeting rates; and (7) individual Hotel contract rates.

Note 4 – You must participate in reservation systems that we make available. ~~Reservation fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.~~

~~Note 5 -~~ Each reservation is subject to the following fees, as applicable: $1.75 per transaction through Direct Connect interfaces to associated onward distribution channels; $~~3.50~~1.75 per transaction through the Brand-dedicated website; $~~3.80~~4.00 per transaction through the Internet Distribution System to onward distribution switch or channel manager providers; $~~7.00 per transaction through the Central~~4.00 per call for Voice Reservation ~~Center~~Service with Auto Attendant Fee; and $~~9.50~~10.50 per transaction sourced from the Global Distribution Systems. Separately, you must pay all other costs, including third party

costs and fees incurred through the Central Reservation System. Fees are subject to change. Booking fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.

~~Note 6 – We have entered into agreements with intermediaries for various distribution channels, pursuant to which such distribution channels and online travel agencies ("OTAs") (which may include Agoda | Priceline, Booking.com, Hotwire, Expedia, and other third party intermediaries providing travel products for sale electronically to travel agents, corporations, meeting planners, and consumers) will offer your hotel room inventory through their websites including, in some cases, rooms at loyalty program member rates (the "Third-Party Distribution Program"). You must participate in the Third-Party Distribution Program, using only those channels that we designate for Brand Hotels. As a participant, you must pay the customary minimum of 10% of TAC Consumed Revenue, or another percentage we may designate, for the travel agent or referral source booking. "TAC Consumed Revenue" means the gross revenue generated from bookings consumed through our Third-Party Distribution Program.~~

Note ~~7~~5 – We may use, or require you to use, a travel agent commission settlement program operated by a third-party provider selected by us. We expect settlement fees to be no more than $0.85 per transaction, but this fee may periodically change as third-party fees increase. These settlement fees may be paid directly to the third-party provider or we may collect them and further remit your payment to the third-party provider, less an administrative fee per transaction.

Note ~~8~~6 – You will pay us a $25 Guest Relations Fee for every guest or other complaint we receive. If the issue raised is not resolved within 48 hours of our communication to your Hotel, then the fee will be raised to $75. If it becomes necessary for us to resolve it, then the Guest Relations Fee will be raised to $125 per issue, plus the cost of the resolution (such as a refund provided to a guest). We periodically may modify our Guest Relations Fee(s).

Note ~~9~~7 – Under our Online Review Response Program, if you do not respond to any negative online reviews within 72 hours of the posting of such reviews, we may do so (directly or through a third-party) on your behalf, in which case you will pay us $39 for each response. These fees may increase based on the frequency and nature of complaints and negative reviews, and your responsiveness (e.g., the time it takes you to respond to guest reviews). We may periodically modify these programs, including an increase or otherwise change in fee structure.

Note ~~10~~8 – You must participate in all required quality assurance and guest satisfaction survey programs and maintain minimum performance standards and scores that we may establish as required by the Brand Standards. We may provide these programs through our affiliates or agents. We (or our affiliates or agents) will conduct an evaluation of your Hotel using the Brand Standards. Your Hotel will be inspected a minimum of one time per year, and you will pay an initial inspection fee ~~of $2,000~~ each year. The inspection entails a review of hotel operations. At the conclusion, the results, in a written and numerical report, will be provided to your Hotel management and to us. Your Hotel must write off folio charges (room, tax, food and beverage and incidental charges) for the inspector. We may require additional inspections if your Hotel's total score is below an acceptable level~~, and we may charge $4,000 for each additional inspection. You must pay the costs of all inspections, including the reimbursement of our personnel's travel and meal expenses~~. We may waive your obligation to undergo a quality assurance inspection in a given year based on your Hotel's performance in the preceding year; if you nevertheless request an inspection, you will be required to pay the ~~foregoing fees. If you persistently fail quality assurance inspections, or~~initial inspection fee. If

we require additional inspections of your Hotel, we may charge up to $4,000 for the first re-inspection, and up to $5,000 for any subsequent re-inspection. You must pay the costs of all inspections, including the reimbursement of our personnel's travel and meal expenses. If a quality assurance inspection is necessary to remediate guest satisfaction deficiencies, you may be required to pay up to $5,000 for such remediation inspection. The ~~cost,~~ frequency and methodology of inspections may change from year to year.

Note 9 – These fees are subject to, no more than once per year, the Fee Adjustment. "Fee Adjustment" means an increase at our discretion by up to the greater of (i) 5% annually (or 10% for TMC and Consortia Fees and Operations Insight Fees) on a compounding basis regardless of whether we exercise such adjustment in any calendar year, or (ii) the difference, expressed as a percentage, in CPI as determined by comparing the CPI in effect as of the Effective Date to the CPI in effect as of the date of the Fee Adjustment, without reference to any prior Fee Adjustment, if any. "CPI" means the National Consumer Price Index-All Urban Consumers-All Items (1982-1984 = 100) published by the U.S. Department of Labor (or if the CPI is no longer published, another substitute reference reasonably designated by us).

Note ~~11~~10 – Our centralized "revenue management for hire" ("RMFH") program provides you with the services of a dedicated revenue management leader. This includes a revenue management specialist providing direct oversight over all aspects of subscribing hotels' price positioning, inventory management and distribution strategies and management of the RMS. You will be required to participate in our RMFH program for one year following the Opening Date of your Hotel. After the first year, we require the use of our RMFH program if you do not have a Hotel Revenue Manager (defined in Item 11).

ITEM 7.ESTIMATED INITIAL INVESTMENT

MOD A SONESTA COLLECTION (Note 1) – 250 ROOMS

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	Conversion	**New Construction**			
Initial Fee (Note 2)	$125,000	$125,000	Lump Sum	Upon your signing of the Franchise Agreement	Us
Onboarding Administration Fee (Note 3)	$5,000	$5,000	Lump Sum	As arranged	Us
Revenue Management System Installation (Note 4)	$1,500 to $10,000	$1,500 to $10,000	As arranged	Before opening your Hotel	Us
CRS to PMS Interface and Tokenization Set Up Fee (Note 5)	$650 to $1,745	$650 to $1,745	Lump sum	Upon your signing of the Franchise Agreement	Us

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	Conversion	**New Construction**			
IT Implementation Services Fee (Note ~~5~~6)	$0 to $52,000	~~N/A~~ $0 to $52,000	As arranged	Before opening your Hotel	Us
Property Management System Installation Fee (Note ~~6~~7)	$~~25,000~~20,000 to $~~40,000~~35,000	$~~25,000~~20,000 to $~~40,000~~35,000	As arranged	Before opening your Hotel	Suppliers
Ancillary System Hardware, Network, Administration (Note ~~7~~8)	$~~25,000~~10,000 to $~~150,000~~40,000	$~~50,000~~15,000 to $~~150,000~~40,000	As arranged	Before opening your Hotel	Suppliers
Sales Technology Platform Implementation Costs (Note ~~8~~9)	$~~6,660~~2,265	$~~6,660~~2,265	As arranged	Before opening your Hotel	~~Suppliers~~Us
PIP Fee (Note ~~9~~10)	$5,000	N/A	Lump sum	Before you sign the Franchise Agreement	Us
PIP Reinspection Fee (Note ~~10~~11)	$0 to $5,000	N/A	Lump sum	As incurred	Us
Custom Architecture & Design Review ~~(Note 11)~~	$~~0~~15,000 to $25,000	$~~0~~25,000 to $35,000	As arranged	As arranged	Us
Initial Brand Training Fee and Reimbursement of Expenses (Note 12)	$5,000 to $7,500	$5,000 to $7,500	Lump sum	Upon your signing of the Franchise Agreement	Us
Initial Training Expenses (Note 13)	$1,000 to $2,000	$1,000 to $2,000	As arranged	As arranged	Suppliers and employees
Real Estate, Legal and Title Expenses (Note 14)	Variable	Variable	As arranged	As arranged	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	Conversion	**New Construction**			
Construction and Improvement Costs (Note 15)	$~~300,000~~310,500 to $~~8,500,000~~8,797,500	$~~43,750,000~~45,281,250 to $~~75,000,000~~77,625,000	As arranged	As arranged	Suppliers
Permits and Licenses (Note 16)	$~~50,000~~51,750 to $~~250,000~~258,750	$~~250,000~~258,750 to $~~750,000~~776,250	As arranged	As arranged	Suppliers and governmental agencies
Furniture, Fixtures, and Equipment (Note 17)	$~~150,000~~155,250 to $~~6,250,000~~6,468,750	$~~6,250,000~~6,468,750 to $~~8,750,000~~9,056,250	As arranged	As arranged	Suppliers
Operating Supplies and Equipment (Note 18)	$~~75,000~~77,625 to $~~625,000~~646,875	$~~2,000,000~~2,070,000 to $~~2,500,000~~2,587,500	As arranged	As arranged	Suppliers
Contingencies (Note 19)	$280,000 to $400,000	$1,750,000 to $3,000,000	As arranged	As arranged	Contractors and suppliers
Lender Comfort Letter Fee (Note 20)	$2,000	$2,000	Lump sum	As incurred	Us
Initial Operations, Pre-Opening Expenses, Marketing and Advertising Expenses (Note 21)	$50,000 to $200,000	$50,000 to $200,000	As arranged	As arranged	Suppliers and professional advisors
Signage (Note 22)	$25,000 to $125,000	$25,000 to $125,000	As arranged	As arranged, before opening	Suppliers
Insurance (Note 23)	$~~4,000~~4,600 to $~~109,820~~115,775	$~~190,285~~257,550 to $~~477,505~~500,225	As arranged	As arranged	Insurer
Branded Landing Page Installation (Note 24)	$1,000 to $10,000	$1,000 to $10,000	Lump Sum	Upon implementation	Suppliers
Guest Wi-Fi and In-Room Entertainment Installation (Note 25)	$~~0~~10,118 to $~~259,750~~ 314,868	$~~209,750~~245,368 to $~~259,750~~314,868	As arranged	As arranged	Suppliers
RFID Key System (Note 26)	$0 to $175,000	$125,000 to $175,000	As arranged	As arranged	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT					
Type Of Expenditure	**Amount**		**Method of Payment**	**When Due**	**To Whom Payment Is To Be Made**
	Conversion	**New Construction**			
Phone System (Note 27)	$0 to $80,000	$60,000 to $80,000	As arranged	As arranged	Suppliers
Restaurant Point of Sale (POS) (Note 28)	$0 to $100,000	$15,000 to $100,000	As arranged	As arranged	Suppliers
Photography Expenses (Note ~~26~~29)	$5,000	$5,000	As arranged	As arranged, before opening	~~Supplier~~Us
Construction Start Date Extension Fee (Note ~~27~~30)	N/A	$0 to $5,000	Lump Sum	As incurred	Us
Low Voltage (Note 31)	$0 to $550,000	$475,000 to $550,000	As arranged	As arranged	Suppliers
Additional Funds (during the first 3 months of operation) (Note ~~28~~32)	$~~525,000~~525,839 to $~~1,375,000~~1,378,350	$~~750,000~~750,839 to $~~1,750,000~~1,753,350	As arranged	As arranged	Employees, suppliers, utilities, and us
TOTAL	**$~~1,666,160~~1,689,097 to $~~18,544,730~~19,943,378**	**$~~55,452,195~~58,040,922 to $~~93,215,415~~97,180,953**			

Note 1 – We have estimated costs based on a 250-room Brand Hotel. None of the fees payable to us are refundable. Amounts payable to third parties are non-refundable unless the supplier agrees otherwise.

Note 2 – The Initial Fee of $125,000 is based on the assumption that your Hotel has 250 Guest Rooms (calculated as follows: $500 x 250 = $125,000).

Note 3 – If you are acquiring an existing Brand Hotel, you will pay us a reduced onboarding administration fee of $2,500.

Note 4 – The installation of the RMS will cost $1,500 to $10,000. While our designated third-party service provider will install the RMS, you will pay these costs to us on behalf of the third-party service provider.

Note 5 – This amount is charged by our third-party CRS provider for setting up an interface with your PMS. The low end of this estimate does not include the cost of any optional features or services available, while the high end includes the cost of all such optional features and services. We will collect this PMS Interface and Tokenization Set Up Fee from you and remit to our third-party CRS provider.

Note ~~5~~6 – This estimate includes the central reservation system and interface builds, Sonesta IT project management implementation services relating to our specified solutions, including a comprehensive site survey, coordination with your Hotel's general contractors for systems installation and schedule, and installation of our required systems. If you ~~are converting an existing hotel into a Brand Hotel and~~ require our assistance to configure and install these components, you will pay us this services fee, which ranges from $15,000 to $52,000; this estimate includes travel and other expenses for our personnel, which we anticipate being $5,000 to $12,500. ~~If you are constructing a new Brand Hotel, we anticipate you will engage a third party to install the required IT components and therefore will not require our assistance to configure and install the IT components.~~

Note ~~6~~7 – This fee is dependent on certain components of your Hotel that must be activated and the complexity of your Hotel, such as the size and location. ~~For Brand Hotels with 1 to 100 Guest Rooms, this fee ranges from $15,000 - $25,000; for 101 to 175 Guest Rooms, this fee ranges from $20,000 - $35,000; for 176 to 250 Guest Rooms, this fee ranges from $25,000 - $40,000; for 251 to 350 Guest Rooms, this fee ranges from $35,000 - $50,000; and for Brand Hotels with 351 or more Guest Rooms, this fee may be $50,000 or more. Some of this fee is passed through to third parties for the various components.~~

~~Note 7 – For new developments, these estimates include workstations, servers, network switches and firewalls, software, PCs and laptops. For conversions, we may require you to purchase new workstations, servers, network switches and firewalls, and added software and solutions to support our technology operating standards and security solutions. This may include credit card readers for PCI and EMV compliance, the upgrade or replacement of PCs and laptops if they are older than 4 years, and the replacement of switches and firewalls should they be not compatible with our required systems.~~

Note 8 – This estimate includes the cost of ancillary equipment required to connect, secure, and operate your computer systems such as firewall, network switches, servers, desktop computers, printers, battery backup, patch cables, cable management, and data racks.

Note ~~8~~9 – This fee ~~covers a one-time~~includes the focus service sales technology platform onboarding fee ~~of $565, yearly~~, the first quarterly installment of the annual fee ~~of $5,000~~, and the ongoing maintenance fee for the first three months ~~from the Opening Date of ongoing maintenance in the amount of $364.58 per month for the cost of middleware software for distribution of online leads, connection of the Cvent sourcing platform to the middleware, software, and software enabling the integration of live inventory into the sales and catering system to manage group bookings for sales and catering system providing account and contact management, and reporting and analysis. The yearly fee and monthly maintenance fee are subject to change.~~.

Note ~~9~~10 – If you are converting your hotel to a Brand Hotel, the PIP will set forth a list of all items you must perform prior to the opening of your Hotel (or within some other timeframe stated in the PIP) to convert your property to a Brand Hotel in accordance with the Brand Standards. The PIP Fee covers the cost of preparing or verifying completion of that PIP.

Note ~~10~~11 – If you are converting your hotel to a Brand Hotel and we have to reinspect your Hotel because you fail the PIP inspection, we may charge you the PIP reinspection fee.

~~Note 11 – This fee will only be required if your Hotel requires custom architecture and design review by us.~~

Note 12 – One of your Hotel Representative(s) must complete our initial training program. The initial training is conducted virtually, unless otherwise determined, for a fee of $5,000. In the event of in-person training, you must also reimburse us for our personnel's travel, meals, and lodging expenses, which we estimate to be up to $2,500. These costs are due when billed and are non-refundable. The amount expended will depend on the distance those persons must travel and the type of accommodations chosen.

Note 13 – We estimate that you will pay $1,000 to $2,000 for accommodations and wages for your employee during the initial training program.

Note 14 – These costs vary widely by reason of location, type of market, size of parcel, competitive market conditions and type of interest acquired; we anticipate that a 250-room Brand Hotel will have a minimum building area of approximately 135,000 square feet and be located on approximately 4 to 5 acres of land. Additional costs incident to real estate may include legal fees and title recording expenses, all which vary by location.

Note 15 – Construction and improvement costs may vary due to unusual conditions associated with site preparation, foundations, etc., as well as the size and configuration of the site, the market, and the cost of labor and materials. This estimate includes professional fees, including for a third-party architect. For conversions, the low end estimate assumes that construction costs could be more minimal depending on the base building condition.

Note 16 – The licenses and permits you must obtain to operate your Hotel vary depending on the state, county or other political subdivision in which your Hotel is located. For conversions, these costs will vary depending on whether you need any additional license or permits that you do not already hold for your Hotel.

Note 17 – For new ~~developments~~construction, these estimates include costs for public spaces and Guest Rooms, but do not include kitchen equipment, back-of-house equipment, or pools, as those will be highly variable by Hotel and building. For conversions, the low end estimate assumes that existing furniture, fixtures, and equipment is newer and of a décor that is aligned with brand requirements.

Note 18 – This range includes Guest Room operating supplies and equipment such as in-room amenities and other Brand Standard related items for Guest Rooms, as well as other brand defining elements for Guest Rooms and common areas. The amount you spend will be affected by the mix of bed and room types.

Note 19 – The term "Contingencies" refers to unanticipated construction cost overruns and other unanticipated expenses.

Note 20 – This is to cover our administrative fees arising from review and processing of lender comfort letter requests.

Note 21 – These amounts include additional estimated expenses for the approximate three-month period prior to your Opening Date, including startup expenses, such as utilities and security deposits, labor costs, pre-opening marketing costs and costs of professional advisors. Your market, your pace of ramping up your Hotel's occupancy and average daily rate, the seasonality of your opening, the quality of your property management team, and other factors will impact the funding you require for this category of expense.

Note 22 – This estimate includes a vendor site survey (if needed); and fabrication and installation of exterior signage. The estimate includes the cost of painting cabinets and poles but does not include any electrical/wiring; permits; or freight/shipping. Your actual cost will depend on factors such as the sign size, material, height, ease of access, and equipment needed for the location, and may exceed the estimates indicated.

Note 23 – You must procure and maintain, at your expense, insurance of the types and in the minimum amounts we specify, whether in the Brand Manual or otherwise in writing. This insurance must be with insurers having minimum ratings we specify, name as additional insureds the parties we specify, and carry the endorsements and notice requirements we specify, whether in the Brand Manual or otherwise in writing. Insurance premiums vary widely by reason of location, size of hotel, number of employees, insurance carrier, your creditworthiness, market conditions, and type of coverage purchased and are difficult to estimate. The low end of the estimate for a conversion assumes you already have most of the specified minimum insurance. For Brand Hotels located in Florida, we estimate the high end of the estimate to be ~~$193,750~~264,875 for conversions and ~~$1,115,625~~1,127,375 for new constructions due to higher local costs and expenses in that state.

Note 24 – You must install a branded internet landing page for your Hotel through which guests of the Hotel will log into and access the Hotel's Wi-Fi.

Note 25 – You must maintain wireless highspeed internet access meeting our minimum specifications (including as relates to bandwidth, multiple device usage, area coverage and security) and must provide an in-room entertainment system for your Hotel's guests. For conversions, the low end estimate assumes you have adequate Wi-Fi and an in-room entertainment system meeting our specifications, and therefore you will not incur the cost to install the Wi-Fi and the required guest in-room entertainment system. The cost to install Wi-Fi and the required guest in-room entertainment system is based on the number of Guest Rooms, servers, and entertainment devices. This estimate also includes monthly costs associated with your Hotel's Wi-Fi network, high-speed internet, and cable access (calculated based on a three-month time period).

Note 26 – RFID Key Systems are required for all Brand Hotels. This figure was calculated by dividing the total cost of the RFID Key System by number of Guest Rooms (and includes common area doors in the overall cost per Guest Room averages).

Note 27 – We require a minimum of one phone per Guest Room. If you are converting an existing hotel to a Brand Hotel, you may use Cat3 cabling. If you are constructing a new Brand Hotel, you must use an IP based phone system. The cost to implement a new phone system will vary depending on the number of Guest Rooms and features provided with the phone system. You must also purchase a telephone service in the form of analog phone lines, primary rate interface (PRI), or SIP to provide connectivity for the phone lines.

Note 28 – You will be required to purchase a restaurant point-of-sale system. The cost of this system will vary based on its features and functions combined with the size and scope of the restaurant. The point-of-sale system must integrate with the selected PMS and support credit card processing with Shift4.

Note ~~26~~29 – You must hire a professional photographer, approved by us, to take photographs of your Hotel prior to the opening of your Hotel.

Note ~~27~~30 – This fee is payable only if you request and we agree to grant an extension of the construction start date identified by us in writing.

Note 31 – Costs for low voltage wiring can range from $1,900 to $2,200 per Guest Room. Factors such as ceiling construction type, access panels, proximity to IDFs, number of data runs per room, and union locations will all impact cost.

Note ~~28~~32 – Additional funds are those funds required during the first three months of operation, including payroll costs, utility costs and expendable supplies. They also include the costs of travel agent commissions, costs charged by telecommunications carriers for connection to the central reservation system, and internet access for special marketing programs, all of which you currently must pay directly to the providers. In the future, we may pay the providers on your behalf and then bill you for those amounts plus a reasonable transaction charge to cover our costs. Additional Funds also includes the Business Pass Booking Program annual fee and installments of the Ignite Booking Program annual fee and the Corporate Transient and Consortia Account Support and Services fees which are payable upon opening and thereafter in monthly installments. We may require you to retain a Management Company (defined in Item 15) if you do not have significant experience managing a hotel, or if you are receiving an Incentive (defined in Item 10). The low end of this estimate assumes that you are not retaining a Management Company. This does not include Royalties, Brand Promotion Fees, or booking fees~~, or management fees~~.

Except as provided in Item 10, we do not finance any portion of your initial investment. We have relied on our and our affiliates' management's years of experience in the lodging business to compile these estimates.

ITEM 8.RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

In order to maintain quality among Brand Hotels, each Brand Hotel must meet the Brand Standards. These standards require that your Hotel and some of the items you use at your Hotel meet our specifications. You must strictly comply with all Brand Standards. In constructing or renovating and operating your Hotel, you must use only those products, supplies, equipment, furnishings, and services that we have approved according to our Brand Standards for appearance, function, and performance, including: the furniture, fixtures, and equipment ("FF&E"); operating supplies and equipment ("OS&E"); décor; layout and floorplan; signage; advertising materials; uniforms; photography; logoed items; operating supplies; guest room amenities; consumable inventories; food and beverage services; wireless high-speed internet access; in-room entertainment; Computer System, including Central Reservation System, Property Management System, and Revenue Management System; insurance; telephone; security items; and such other products and services for which we periodically issue Brand Standards (collectively, the "Supplies"). The Brand Standards may include minimum requirements for delivery, performance, design, and quality of the Supplies. We will provide you this information in our Brand Manual, which we may revise from time to time, or otherwise in writing.

You must procure and maintain, at your expense, insurance coverage in the types and amounts we periodically require, in addition to any other insurance that may be required by applicable law, your landlord, your mortgagee, or otherwise. At a minimum, such policies

include the following (primary and excess/umbrella policies may be used in any combination as long as the total minimum limit requirements are met):

- commercial general liability (CGL) insurance for any claims or losses arising or resulting from the operations/premises of the hotel with limits of not less than $1,000,000 per occurrence and a general aggregate limit not less than $3,000,000; limits shall apply on a per location aggregate basis if the hotel is insured under a blanket policy;

- liquor liability (applicable only when or if you distribute, sell, serve, or furnish alcoholic beverages) with limits of not less than $1,000,000 per occurrence; limits shall apply on a per location aggregate basis if the hotel is insured under a blanket policy;

- automobile liability insurance including owned, non-owned, and hired vehicles for combined single limits of bodily injury and property damage of not less than $1,000,000 per occurrence and a general aggregate limit not less than $3,000,000;

- garage-keeper's liability to the extent that hotel operations include parking operations, with a limit adequate to cover the full actual value of all automobiles that are in your care, custody, and control at any one time;

- umbrella or excess liability insurance policies as follows: (i) if your Hotel is three stories or less, then you must carry coverage of at least $14,000,000, or (ii) if your Hotel is more than three stories, then you must acquire a policy with coverage of at least $24,000,000. All policies providing excess/umbrella coverage shall follow the form of the primary CGL, worker's compensation, automobile liability and liquor liability policies;

- property/all risk and contents insurance (or builder's risk insurance during any period of construction) on all building(s) and contents against loss or damage by fire, lightning and all other risks associated and covered by the "all risks" policy form, all in an amount not less than 90% of the replacement cost. Terrorism risk insurance (TRIA) coverage is required;

- boiler & machinery insurance against loss or damage from explosion of boilers or pressure vessels to the extent applicable;

- business interruption insurance covering at least 12 months loss of profits and necessary continuing expenses for interruptions caused by a covered occurrence;

- workers' compensation insurance in statutory amounts for all your employees and employers' liability insurance in amounts not less than $1,000,000 per accident or disease;

- crime insurance covering employee dishonesty, such as theft of money, securities, or property, with a limit of not less than $1,000,000 per occurrence;

- employment practices liability insurance covering wrongful acts arising from the employment process; and

- cyber liability insurance in the amount of not less than $1,000,000 per occurrence.

Each of the insurance policies must: (i) be written by an insurance company with an A.M. Best rating of "A" or better; (ii) to the extent legally permissible, name us, our affiliates, and our and their respective officers, directors and employees as additional named insureds and loss payees for all liability coverage policies; (iii) provide that the coverages will be primary and that any insurance carried by us will be excess and non-contributory; and (iv) provide that all coverages afforded to us (and our affiliates) will be coextensive with the coverage provided to you or any named insured on such policy, and any language in such policy that purports to limit the coverage available to us (and our affiliates) will be deemed deleted as to us (and our affiliates). We periodically may change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, including excess liability insurance. All insurance may be effected under policies of blanket insurance which cover your other properties and affiliates so long as such blanket insurance satisfies our requirements, as they periodically are modified. Within 10 days of the date you sign the Franchise Agreement, you must provide us certificates of insurance showing compliance with the insurance requirements; the certificate of insurance must include a statement that the policies will not be canceled without at least 30 days' prior written notice to us. Upon our request, you must supply us with copies of all insurance policies and proof of payment. You also must deliver renewal certificates to us not less than 10 days prior to each insurance policy's renewal date.

Approved Suppliers

To facilitate consistency and quality among Brand Hotels and our ability to leverage volume purchasing power, we reserve the right to approve or designate all vendors and suppliers of Supplies and services you use in developing, operating and promoting your Hotel. We may designate a sole supplier or approved suppliers (which may be us or our affiliates) (the "Approved Suppliers") from which you will be required to purchase certain Supplies, and you will purchase those Supplies only from the Approved Suppliers when required. You may be required to sign such Approved Suppliers' form agreements for the purchase of such Supplies or services. We will provide the list of Approved Suppliers to you. We may provide your contact information to our Approved Suppliers and you may be contacted by our Approved Suppliers. We provide access to a third-party online procurement platform customized for the Network Brands, and we may require you to make certain purchases through that platform. Although we have the right to require the platform or Approved Suppliers to charge you a 2% to 3% procurement fee, which would be remitted to us, we currently do not require them to charge such fee. We currently do not maintain any other purchasing or distribution cooperatives.

None of our officers or affiliates own a material interest in any Approved Supplier. However, from time to time, our officers may own non-material interests, for investment purposes only, in publicly-held companies that are suppliers to Brand Hotels.

Neither we nor any of our affiliates currently is an Approved Supplier, although we may designate ourselves or an affiliate as an Approved Supplier (including as an exclusive supplier). You periodically may pay us for purchases from designated third parties.

If you want to purchase goods or services from an unapproved supplier, then you may submit a written request for us to approve the supplier. You must submit to us all information, specifications and samples that we request. Any goods or services from suppliers must be in accordance with Brand Standards. We will review all of the pertinent information. While we have no obligation to respond within a certain time frame, our review typically takes 30 days to complete. We have the right to require as a condition of our initial and continuing approval that our representatives are permitted to inspect and re-inspect the supplier's facilities, and that the supplier attend our brand conference and enter into our then-applicable supplier agreement.

We currently do not charge a fee for the supplier approval process, but we may do so. We may change our approval process or supplier criteria at any time. If we approve a supplier as to any goods, services, suppliers or materials, we must grant our approval in writing. We may condition our initial and continued approval of a supplier on certain requirements, such as delivery frequency, standards of service (including prompt attention to complaints), concentration of purchases, insurance protection, the supplier's willingness to enter into indemnity and confidentiality agreements, payment of reasonable license fees (if Marks are used), and other criteria. Other than this description of our criteria, we do not disclose any further details of our criteria for approving suppliers to franchisees.

We may approve suppliers on a temporary basis and/or revoke approval of Approved Suppliers who no longer satisfy our criteria for suppliers or do not pass reinspection, and if that happens, we will provide reasonable written notice of such disapproval to you. We do not provide any material benefit to a franchisee based on a franchisee's use of designated or pre-approved suppliers, except that your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise Agreement and the Brand Standards, and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise Agreement.

We may negotiate purchase arrangements with Approved Suppliers, which we currently anticipate will be volume-based pricing. We may receive volume-based allowances from certain Approved Suppliers with whom we have negotiated contracts, generally as a percentage of net or gross sales made by franchisees or by Network Hotels we own or manage. The allowances we receive generally range from 1% to 4% of net or gross sales on such items as FF&E, operating/maintenance equipment and supplies, merchant processing, services, and food and beverage products from purchases made by franchisees or by Network Hotels we own or manage.

Required Purchases from Approved Suppliers

You must install, display, and maintain signage displaying or containing the Marks and other distinguishing characteristics in accordance with Brand Standards we establish for Brand Hotels. You must purchase the signage for your Hotel from an Approved Supplier. There may be only one Approved Supplier for various Supplies, which may include us or an affiliate.

Some of the equipment and supplies you must purchase to establish and operate your Hotel must meet our Brand Standards and other brand defining standards, and some must be purchased from an Approved Supplier, and in some cases, only one Approved Supplier. Currently this includes some FF&E, OS&E, and other operating supplies such as food products. Any equipment and supplies for which we have not designated an Approved Supplier may be purchased from any supplier as long as the equipment and supplies meet Brand Standards.

You must use the booking engine we designate, participate in all booking programs we designate through the booking engine, and may not use any other booking engine for your Hotel. We have entered into agreements with intermediaries for various distribution channels, pursuant to which such distribution channels and online travel agencies ("OTAs") (which may include Agoda | Priceline, Booking.com, Hotwire, Expedia, and other third party intermediaries providing travel products for sale electronically to travel agents, corporations, meeting planners, and consumers) will offer your hotel room inventory through their websites including, in some cases, rooms at loyalty program member rates (the "Third-Party Distribution Program"). You

must participate in the Third-Party Distribution Program, using only those channels that we designate for Brand Hotels.

General

In the year ended December 31, ~~2023~~2024, RLHC received $~~139,740~~66,472 and SRLHF received $41,198 from vendors based on purchases by all Network Hotels (including our franchisees, licensees, and owned and managed Network Hotels). ~~Neither we nor any other affiliates received revenue from vendors based on franchisee purchases in fiscal year ended December 31, 2023. However, we and our affiliates may do so in the future.~~

During fiscal year ended December 31, ~~2023, RLHC derived $1,065,490 and~~2024, SRLHF derived $~~12,434,953~~12,613,798 (or ~~29~~27% of SRLHF's revenue of $~~42,865,685~~47,107,963), from purchases of goods and services by franchisees and licensees of all Network Brands.

We estimate that ~~30~~15% to ~~50~~20% of the required purchases and leases of goods and services used to establish a new Brand Hotel, 15% to 20% used to convert an existing hotel into a Brand Hotel, and ~~2% to~~ 5% to 10% used to operate a Brand Hotel, are required to be purchased from an approved supplier or are subject to our standards and specifications.

During the term of the Franchise Agreement and any term extensions, we may require you to make additional expenditures and investments to maintain your Hotel in accordance with the Brand Standards and to remove any deficiencies in your Hotel's operations.

ITEM 9.FRANCHISEE'S OBLIGATIONS

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

FRANCHISEE'S OBLIGATIONS		
Obligation	**Section in Franchise Agreement**	**Disclosure Document Item**
a. Site selection and acquisition/lease	Section 2.A, Exhibit A, Exhibit D-1, and Exhibit D-2	Item 11
b. Pre-opening purchases/leases	Section 2.E, Exhibit D-1, and Exhibit D-2	Items 5, 7, 8, and 11
c. Site development and other pre-opening requirements	Section 2, Exhibit D-1, and Exhibit D-2	Items 7, 8, and 11
d. Initial and ongoing training	Sections 4.A through 4.C	Item 11
e. Opening	Section 2.E, Exhibit A, Exhibit D-1, and Exhibit D-2	Item 11
f. Fees	Sections 3, 12.C, 12.E, and 13.C, Exhibit D-1, and Exhibit D-2	Items 5, 6, and 7

FRANCHISEE'S OBLIGATIONS		
Obligation	**Section in Franchise Agreement**	**Disclosure Document Item**
g. Compliance with standards and policies/operating manual	Sections 4.H, 8.C, and 8.L	Items 8 and 11
h. Trademarks and proprietary information	Sections 5 and 6	Items 13 and 14
i. Restrictions on products/services offered	Sections 8.B, 8.C, 8.J, and 8.K	Items 8 and 16
j. Warranty and customer service requirements	Sections 4.D, 8.H, and 8.K	Items 6, 8, and 11
k. Territorial development and sales quotas	Not Applicable	Item 12
l. Ongoing product/service purchases	Sections 4.G, 8.E, and 8.F	Items 6, 8, and 11
m. Maintenance, appearance, and remodeling requirements	Sections 8.A and 8.G, Exhibit D-1, and Exhibit D-2	Items 8 and 11
n. Insurance	Section 8.I	Items 6, 7 and 8
o. Advertising	Section 9	Items 6, 7 and 11
p. Indemnification	Section 15.D	Item 6
q. Owner's participation/management/staffing	Sections 8.D and 8.N	Item 15
r. Records and reports	Section 10	Not applicable
s. Inspections and audits	Section 11	Items 5 and 6
t. Transfer	Section 12	Item 17
u. Renewal	Section 13	Item 17
v. Post-termination obligations	Sections 14.C through 14.H	Item 17
w. Non-competition covenants	Section 7.A	Item 17
x. Dispute resolution	Section 17.F	Item 17

ITEM 10.FINANCING

We may, in our sole discretion, offer incentives for hotels that are new to the MOD brand. An "Incentive" is a financial contribution that we make to assist with the development or conversion of your Hotel and will be in an amount that we determine. If an Incentive is granted to you, the amount of the Incentive typically shall comprise, at our discretion, between $3,000 and $6,000 per Guest Room of your Hotel. To receive an Incentive, you and your principals must sign a development incentive promissory note in the form attached as Exhibit E (the

"Incentive Note"), when you sign the Franchise Agreement. We may also require you to retain a Management Company (defined in Item 15) as a condition to receiving an Incentive. An Incentive does not have to be repaid unless the Franchise Agreement is terminated before its expiration date, or a transfer occurs as described below. The Incentive will be disbursed to you, unless otherwise agreed to by you and us, within 45 days after your Hotel opens as a Brand Hotel with our approval, as long as you have completed any PIP ~~and~~, there have been no material adverse changes to your Hotel since approval (for example, a decrease in the number of Guest Rooms or a significant delay in opening as a Brand Hotel), and subject to your and any guarantor's financial condition being satisfactory to us. For each year that your Hotel is open, the repayable amount is reduced by an equal annual percentage based on the term of the Franchise Agreement. For example, if the Franchise Agreement has a twenty-year term, the repayable amount is reduced by 1/20th of the original amount annually. If your franchise terminates before the expiration of the Franchise Agreement, you must pay us the then-current repayable amount of the Incentive. If you transfer your Hotel you also must pay us the then-current repayable amount of the Incentive. An Incentive bears no interest. However, if an Incentive becomes repayable and payment is not made in full when due, the outstanding amount is subject to interest at 18% per annum or the highest rate allowed by law, and we may collect court costs and attorneys' fees incurred to collect the repayable amount of the Incentive. We may negotiate these Incentives when business circumstances warrant.

We do not require security interest under the Incentive Note. Each of your direct and indirect owners, with a 20% or more ownership interest in you, must sign the Guaranty and Assumption of Obligations attached as Exhibit C to the Franchise Agreement, personally guaranteeing your obligations under the Incentive Note.

The Incentive Note provides for a waiver of presentment, demand for payment, protest, notices of protest, dishonor, nonpayment of the Incentive Note and all notices of every kind are waived by you. We may grant renewals, extensions, modifications, compositions, compromises, releases or discharges of other parties without notice to any guarantor or co-maker.

It is not our practice or intent to sell, assign or discount to a third party all or part of the Incentive Note, nor do we receive any consideration for placing the Incentive Note with a lender.

Except for the development incentive program described above, neither we nor our affiliates offer, directly or indirectly, financing arrangements to franchisees nor do we guarantee any note, lease, or other obligations. This program may be modified, limited, extended or terminated at any time without advance notice.

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

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

Pre-Opening Assistance

Before you open your Hotel, we will provide you the following assistance:

- If you are converting an existing hotel into a Brand Hotel, conduct an initial inspection of your Hotel and develop a PIP of improvements required for your Hotel to meet Brand Standards. You must complete renovation work on your Hotel in accordance with the

PIP. (Franchise Agreement, Section 2.B; Conversion Rider, attached as Exhibit D-1 to the Franchise Agreement)

- Review and approve your plans, layouts, specifications and drawings for your Hotel (the "Plans") and your plans, layouts, specifications and drawings for the proposed furnishings, fixtures, equipment and décor of your Hotel (the "Designs"), at our election. You are responsible for ensuring your Plans and Designs comply with all applicable laws, rules, permits, licenses, and other governmental requirements. (Franchise Agreement, Sections 2.B and Section 2.C; Conversion Rider and New Construction Rider, attached as Exhibit D-1 and Exhibit D-2 to the Franchise Agreement, respectively)

- Inspect your Hotel, at our election, during or following renovation or construction, as applicable, to determine compliance with the Brand Standards. (Conversion Rider and New Construction Rider, attached as Exhibit D-1 and Exhibit D-2 to the Franchise Agreement, respectively)

- Provide you with onboarding services. (Franchise Agreement, Section 3.B)

- Provide your Hotel Representative with initial brand training in areas such as brand programs, marketing, sales, loyalty, and brand culture. You will then be responsible for training your own employees. (Franchise Agreement, Section 4.A)

- Provide you with a copy of the Brand Manual (currently, ~~84~~162 pages), which includes standards for the equipment, supplies, advertising materials, and other products and services used to furnish and to provide services at your Hotel. If we make the Brand Manual available electronically, you must monitor the intranet portal for updates. (Franchise Agreement, Section 4.H) The table of contents of the Brand Manual is attached as Exhibit H.

- If you elect to obtain a Management Company (defined in Item 15), or at any time during the term of the Franchise Agreement change the Management Company, provide our consent to the Management Company and your agreement with the Management Company, which consent we may withhold for any reason. (Franchise Agreement, Section 8.D)

- Provide you with a list of and specifications for equipment, supplies, advertising materials, inventory and other products and services we require you to use to operate your Hotel, and a list of approved or recommended suppliers of these items. We do not deliver or install these items, except as provided below under the heading Computer Systems. (Franchise Agreement, Section 8.E)

- Assign a project manager or onboarding specialist to you. (Conversion Rider and New Construction Rider, attached as Exhibit D-1 and Exhibit D-2 to the Franchise Agreement, respectively)

We may, but are not obligated to, assist you with establishing prices for products and services your Hotel sells.

In addition to the assistance described above, we may provide such additional assistance as we deem necessary or appropriate.

Operational Phase Obligations

During the operation of your Hotel, we will:

- Provide required and optional training programs either virtually or in-person. (Franchise Agreement, Section 4.A)

- Convene a Brand Conference (no less frequently than every 24 months) at which franchisees may network and participate in educational seminars. (Franchise Agreement, Section 4.B)

- Periodically advise you, at our election, regarding the operation of your Hotel. (Franchise Agreement, Section 4.C)

- Administer and manage a loyalty program, at our election. (Franchise Agreement, Section 4.D)

- Provide you access to our IT and franchise services help desks. (Franchise Agreement, Section 4.F)

- Provide you with the Third-Party Distribution Program, as long as that program remains in effect. (Franchise Agreement, Section 4.G)

- Update the Brand Manual to incorporate modifications to the Brand Standards. (Franchise Agreement, Section 4.H)

- Indemnify you and reimburse you for all damages and expenses you incur in any trademark proceeding disputing your authorized use of the Marks if you have timely notified us of the proceeding and comply with our directions. (Franchise Agreement, Section 5.I)

- Operate and maintain, and afford you access to, the Central Reservation System or such substitute as we determine. You will be responsible for the costs and expenses incurred to connect to the Central Reservation System. (Franchise Agreement, Section 8.F)

- Provide you with the opportunity to participate in our Revenue Management for Hire program. (Franchise Agreement, Section 8.L)

- Administer brand promotion programs. (Franchise Agreement, Section 9.A)

- Maintain a franchise system website for Brand Hotels. (Franchise Agreement, Section 9.B)

Site Selection and Lease

We do not lease the premises to you, nor provide assistance with site selection or negotiations of your purchase or lease of the property.

Hotel Specifications

If you are converting an existing hotel into a Brand Hotel, you will sign the Conversion Rider, attached as Exhibit D-1 to the Franchise Agreement. We will provide written specifications for necessary upgrading, renovation, construction and furnishing of your Hotel (the "Renovation Work") in the form of a PIP, which will be included in the Conversion Rider. The PIP details required Renovation Work and alterations for compliance with the Brand Standards, as well as the required start date and completion date of such Renovation Work. Prior to commencing the Renovation Work, you must obtain all necessary insurance, including builder's risk, and all permits and certifications required for lawful renovation of your Hotel, including zoning, access, sign, building permits, consents, and licenses.

If you are constructing a new Brand Hotel, you will sign the New Construction Rider, attached as Exhibit D-2 to the Franchise Agreement. We will provide written specifications for necessary construction and furnishing of your Hotel (the "Construction Work"), as well as the required start date and completion date of such Construction Work. Prior to commencing the Construction Work, you must obtain all necessary insurance, including builder's risk, and all permits and certifications required for lawful construction of your Hotel, including zoning, access, sign, building permits, consents, and licenses.

You must submit to us your Plans and Designs with respect to the Renovation Work or Construction Work, as applicable. We may supply you with representative prototype guest room and public area plans and schematic building plans as a guide for preparation of the Plans and Designs. Our approval of such Plans and Designs does not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs, or the resulting Renovation Work or Construction Work, as applicable.

We do not review the Plans and Designs to check for compliance with any local, state, and federal law, including any obligations imposed by the Americans with Disabilities Act. All legal compliance with respect to the Renovation Work or Construction Work and Plans and Designs are your responsibility.

We may require substantial modernization, renovation and other upgrading of your Hotel and your Hotel's FF&E ("Periodic Renovations"). We will not require Periodic Renovations more frequently than every six years.

Computer Systems

You must purchase, maintain, and upgrade computer hardware, software, and network systems, including security systems we designate in the Brand Standards. You will not be required to repurchase hardware and software that you already own or license but may be required to purchase, lease or license new or modified computer hardware, software and other network systems, and make periodic upgrades, during the term of the Franchise Agreement in accordance with our Brand Standards. There are no contractual limitations on the frequency or costs of your upgrades or update obligations with respect to computer hardware, software, and networks systems we designate.

You must adopt a Property Management System (PMS) from an approved list corresponding to your Hotel's brand segment to ensure consistency and compatibility with our systems. The approved PMS will support integration with our platforms for data sharing, booking synchronization, and loyalty program management. The PMS vendor provides ongoing support and training to help ensure effective use and maximize the benefits of the approved PMS.

We ~~currently~~also require that you use ~~the Sabre SynXis Central Reservation System, Oracle OPERA Cloud Property Management System,~~ one of our two designated Revenue Management Systems, our Sonesta booking engine, ~~Delphi~~and our designated Central Reservation System, Sales System, ~~Cvent~~ RFP management system, ~~MeetingBroker~~ meeting and event RFP system, and ~~Lanyon~~SaaS software~~, and we~~. We may designate the specific version of each software you are required to use. You must enable the property management system to provide direct full two-way connectivity with our central reservation system and loyalty program. ~~Currently, you~~Additionally, you must implement an authorized credit card interface, with tokenization and point-to-point encryption activated. Currently, tokenization is available through Shift4. You will also be required to use our designated learning management system~~, but we may designate a different learning management system in the future. If you are converting an existing hotel into a Brand Hotel and you require our assistance to implement these systems into your Hotel, you will be required to pay us an IT Implementations Services Fee, ranging between $15,000 to $52,000 (including travel and other expenses for our personnel) (see Item 7).~~ . Other than the hardware required to operate Shift4 and other systems described in this section, ancillary equipment required to connect, secure, and operate your computer systems such as firewall, network switches, servers, desktop computers, printers, battery backup, patch cables, cable management, and data racks may be required. Costs for this ancillary computer equipment may range from $10,000 to $40,000 based on the size and operating model of your Hotel.

We estimate that the installation of ~~the Central Reservation System will cost $1,500 to $2,000 but will not require additional maintenance and support costs. We estimate that the installation of~~ the Property Management System will cost $~~25,000~~20,000 to $~~40,000~~35,000 for a 250-room Brand Hotel ~~(see Item 7, note 6 for the current fee range)~~. You will also pay an estimated $2,000 to $2,775 per month for ongoing license and support costs for your Property Management System. You will pay us between $650 and $1,745 for the integration and tokenization of the Central Reservation System and Property Management System. You must also contract with our approved SaaS service provider to maintain your Property Management System; we estimate the subscription fee for such services to cost $7,500 to $60,000 per year. We estimate that the cost to install the RMS will be $1,500 to $10,000, and the cost to complete training for the RMS (if training is required) will be $500 to $8,950 (depending on which RMS you choose), plus $~~10.06~~10.68 per Guest Room per month (regardless of which RMS you choose) paid to us for your participation in it. You will not need to incur any installation costs for the learning management system, but you may be required to ~~pay a one-time~~ incur certain expenses in connection with its maintenance and support, which we estimate to be no more than $500 per month.

If you require our assistance to implement these systems into your Hotel, you will be required to pay us an IT Implementation Services Fee, ranging between $15,000 to $52,000 (including travel and other expenses for our personnel) (see Item 7).

You must obtain the Focus Service Platform for your sales technology platform. You will incur an onboarding fee of $565, ~~a yearly~~an annual fee ~~(currently,~~of $5,000 per calendar year (payable in quarterly installments), and ongoing maintenance ~~(currently,~~of $~~364.58~~150 per

month) for the cost of middleware software for distribution of online leads, Global Centralized RFPs, connection of the Cvent sourcing platform to the middleware, software, and software enabling the integration of live inventory from compatible sources into the sales and catering system to manage group bookings for sales and catering system providing account and contact management, and reporting and analysis, which. These fees are payable to the designated vendors of the sales technology platform components. paid to us.

You will be required to pay us $500 per calendar year (or $800 per year if integrated with Delphi Sales System), plus 7% on consumed master folio per group for participation in the Ignite Booking Program. You will also be required to pay us $350 per yearWe do not currently charge a fee for participation in the Business Pass Booking Program, but may do so in the future (anticipated to be $350 per calendar year). You will not need to incur any installation costs for the learning management system, but you may be required to incur certain expenses in connection with its maintenance and support, which we estimate to be no more than $500 per month., subject to change in accordance with Item 6, Note 9. These fees are subject to the Fee Adjustment.

The computer systems collect and generate business information and data relating to Brand Hotels' inventory of rooms and specific guest information, including guests' names, addresses, payment information and other personal information. We will have independent access to this information and data, and our access to this information and data is not contractually limited. You are required to pay all the costs associated with implementing the various components of the computer system. You must comply with all applicable laws pertaining to the data privacy of us, consumers, employees, and your Hotel's transactional information. Additionally, you must implement an authorized credit card interface, with tokenization and point-to-point encryption activated. You also are required to use the guest wireless Internet platform and necessary interfaces we specify in order to integrate with our loyalty program. Currently, tokenization is available through Shift4. We may require additional interfaces in the future. We recommend you obtain an estimate of these costs which will be based on your existing equipment and size of hotel, prior to entering executing the Franchise Agreement.

An on-property Wi-Fi network for the benefit of your Hotel guests is also required. The estimated cost to implement the Wi-Fi network meeting our standards ranges from approximately $525850 to $7251,110 per Guest Room. The ongoing cost of the Wi-Fi network is estimated to be approximately $3.002.50 to $5.50 per month per Guest Room. These amounts are payable directly to our approved third-party vendors. Additionally, high-speed internet access may cost from $750 per month to $1,500 per month depending on your location and the amount of bandwidth you purchase. We may require you to use the software we designate to provide our exclusive authorized branded internet landing page through which guests of your Hotel will log into and access your Hotel's Wi-Fi. The installation cost to you for the branded landing page will depend on your Hotel's integrator, network, and gateway, but is expected to range between $1,000 to $10,000 payable to a third-party provider (which is subject to increase).

Additionally, you must provide an in-room entertainment system for your Hotel's guests subject to our standards and specifications. The in-room entertainment system enables Brand Hotels to provide an at-home television viewing experience to guests and consists of a set-top box for each Guest Room television and access to approved entertainment applications (such as Hulu and Netflix) and content, including streaming or casting capabilities. The one-time cost toestimated implementation costs for deploying the in-room entertainment system is approximatelyin Brand Hotels with more than 75 rooms are $23,5004,000, plus $22075 per

Guest Room. ~~We estimate the cost for ongoing support, maintenance, and subscriptions for the in-room entertainment system to range from $14.00 to $16.00~~The ongoing monthly cost for a 60 channel lineup begins at $7.99 per Guest Room per month.

You must purchase an RFID Key System from one of our approved vendors. The cost of purchasing this software ranges from $500 to $700 per Guest Room. You may choose to purchase additional and ongoing support for the lock system software from one of our approved vendors.

You must also purchase a phone system ("PBX") for your Hotel. We require a minimum of one phone per Guest Room. If you are converting an existing hotel to a Brand Hotel, you may use Cat3 cabling. If you are constructing a new Brand Hotel, you must use an IP based phone system. We estimate that the cost to implement a new PBX will range from $60,000 to $80,000 depending on the number of Guest Rooms and features provided with the PBX system. You must also purchase a telephone service in the form of analog phone lines, primary rate interface (PRI), or SIP to provide connectivity for the phone lines. We estimate that the costs of these services will range from $50 to $300 per month.

You will be required to offer full-service dining options and, unless your Hotel has a satisfactory point-of-sale system, purchase a full-service restaurant point-of-sale system. The cost of this system will vary based on its features and functions combined with the size and scope of the restaurant. We estimate the cost of purchasing a full-service point-of-sale system will range from $15,000 to $100,000. The point-of-sale system must integrate with the selected PMS and support credit card processing with Shift4.

Unless your Hotel has satisfactory low voltage infrastructure, you will be required to purchase low voltage infrastructure to connect computer systems throughout your Hotel. For Brand Hotels with 250 Guest Rooms, the cost of such infrastructure is estimated to range from $0 to $550,000 for conversions and $475,000 to $550,000 for new construction.

You may purchase the hardware from third party suppliers, or you may lease it through third party lessors. However, the equipment must meet at least the minimum specifications as described in the Brand Manual and must be installed according to the Brand Standards. We periodically may revise the specifications for your computer system and related interfaces, and we may require you to use Approved Suppliers. ~~You must pay for our assistance to determine that the equipment conforms to the Brand Standards; configuration costs; installation costs; reasonable travel and other expenses of our employees who perform installation or training services; necessary communication vehicles (e.g., phone lines and network connections); and installation fees for connection to communication vehicles.~~ Unless we otherwise agree, neither we nor our affiliates are entitled to or obligated to provide ongoing maintenance to any hardware, software, or network system we require. All ongoing fees payable to third-party vendors are subject to change as third-party fees change.

Training

Initial Training

We do not assist in the hiring of your employees, but we will provide initial brand training to one of your Hotel Representative(s) virtually, at your Hotel, or at another location we designate, at our election. The initial brand training program covers the areas of brand programs, marketing, sales, loyalty, and brand culture. We offer the training program on an as-needed basis throughout the year depending on our trainers' and attendees' availability.

Prior to opening your Hotel, or within 90 days of activating your Hotel in our system, one of your Hotel Representative(s) must complete the initial brand training program to our satisfaction. If at any time during the term of your Franchise Agreement your trained Hotel Representative is no longer employed by you, a new Hotel Representative will be required to attend and complete our training program to our satisfaction. If we determine that your Hotel Representative cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. If space permits, we may allow you to send additional attendee(s) to the initial brand training. Any individual attending our training program who has not signed the Franchise Agreement or Guaranty may be required to sign a confidentiality agreement. You will pay us a fee in the amount of $5,000 for the ~~pre-opening~~initial brand training. In the event the initial brand training is conducted in-person rather than virtually, you must also reimburse us for our personnel's travel, meals, and lodging expenses, which we estimate to be up to $2,500.

You (or your Principal) may request additional training at the end of the initial training program, to be provided at our then current fees as outlined, if your Hotel Representative does not feel sufficiently trained in the operation of a Brand Hotel. We and you will jointly determine the duration of this additional training. However, if your Hotel Representative completes our initial training program to our satisfaction and you have not expressly informed us in writing at the end of that program that your Hotel Representative does not feel sufficiently trained in the operation of a Brand Hotel, then your Hotel Representative will be deemed to have been trained sufficiently to operate a Brand Hotel.

Training materials include the Brand Manual, and certain other training modules and courses designed to assist you in understanding programs related to Brand Hotels and best practices in the hospitality industry will be made readily available in Sonesta's learning management system.

Our training is conducted under the supervision of Derek Fournier, Vice President, Training and Engagement. Mr. Fournier has over ~~26~~27 years of hospitality experience in operations, management, training, and development, and has ~~4~~5 years of experience with us and our affiliates. He leads the training function for us and our affiliates and oversees a team of internal and independent subject matter experts who develop and deliver our training.

Currently, our initial brand training program includes the following topics:

Training Program

Subject	Hours of Classroom Training	Hours of On-the-Job Training[1]	Location[2]
Brand Welcome &	0	1 – 3	Virtual or on-site

Subject	Hours of Classroom Training	Hours of On-the-Job Training[1]	Location[2]
Orientation			
Loyalty	0	2 – 4	Virtual or on-site
LMS- Sonesta University & Access Point	0	1 – 2	Virtual or on-site
Brand Programs & Services	0	3 – 5	Virtual or on-site
Brand Standards, Policies, & Procedures	0	3 – 5	Virtual or on-site
CRS	0	1	Virtual or on-site
Technology & Supplier Services	0	2 – 5	Virtual or on-site
Guest Relations, Brand Reputation Performance, and Reviews	0	3 – 5	Virtual or on-site
Lead Generation	0	1	Virtual or on-site
Quality Assurance	0	1 – 2	Virtual or on-site
Total	**0**	~~17~~18 – ~~31~~33	

Note 1: The hours devoted to each subject are estimates and may vary based on class size, participation, the attendee's experience with the subjects taught, and schedule.

Note 2: We may also elect to conduct training at another location we designate, at our election.

Revenue Manager Certification Training

You will be required to participate in our Revenue Management For Hire (RMFH) program for one year following the Opening Date of your Hotel. After the first year, if you elect to not participate in the brand's RMFH program, you will be required to hire a dedicated revenue management professional locally for your property. This person must carry the title of Director or Manager of Revenue Management, Revenue Optimization, or Revenue Strategy, and whose role exclusively focuses on those functions. This person must have demonstrated proficiency in revenue management with at least four years' experience in a verifiable, revenue management specific, manager or director role, in similar hotels, and who otherwise meets our requirements (such as formal training and certification in the revenue management system) (the "Hotel Revenue Manager"). We may require that your Hotel Revenue Manager be trained on our RMS at your cost. The training classes are provided by a third-party service provider, and may be provided on-site at your Hotel or conducted virtually, at your discretion. Based on which designated RMS is selected, currently the ~~current~~ cost is between $500 and $8,950 per user (depending on the system selected and whether training is done on-site or virtually). If during the term of the Franchise Agreement you hire a new Hotel Revenue Manager, such person will

also need to complete training for the RMS (currently, the cost is $500 to $4,700 to train new Hotel Revenue ~~m~~Managers for Hotels already using the RMS).

Ongoing Training

We may require you (or your Principal) and your Hotel Representatives to attend and complete to our satisfaction various training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third parties we designate. Training may be conducted in-person/on-site or virtually ad hoc at our current fees (currently, $2,000 per day plus reimbursement of our personnel's travel costs and expenses for in-person/on-site and $200 per hour for virtual ad hoc) and at our discretion. Besides attending these courses, you and the General Manager must attend the Brand Conference (which will be convened no less frequently than every 24 months) at a location we designate. All training and the Brand Conference may be held virtually, in our sole discretion. Attendance will not be required for more than five days during any calendar year. We may require you to deliver us satisfactory evidence reflecting that your Hotel's personnel is adequately trained throughout the term of the Franchise Agreement.

Advertising and Marketing

Brand Promotion

We and our affiliates have established a brand promotion program for all Network Hotels ~~operating under the Marks, Classico Marks, James Marks, Royal Sonesta Marks, the Sonesta Hotels and Resorts Marks, Hotel RL Marks, Sonesta ES Marks, Sonesta Simply Marks, Sonesta Select Marks, and Sonesta Essential Marks worldwide (the "Brand Promotion Hotels"). We will use Brand Promotion Fees for advertising, marketing, and public relations programs and materials we deem appropriate~~. We and our affiliates reserve the right to separate the brand promotion program into separate brand promotion programs for each brand or any combination of brands we and they determine, or to consolidate the brand promotion program with the brand promotion program of other brands we or our affiliates maintain so that we maintain and administer one brand promotion program for all brands or any combination of brands as we determine. Currently we require franchisees to pay a Brand Promotion Fee equal to 2.5% of Gross Rooms Revenue. However, we may increase the Brand Promotion Fee, but the Brand Promotion Fee will not exceed 3.5% of Gross Rooms Revenue. Brand Hotels that we or our affiliates own or manage may not pay us the Brand Promotion Fee~~s~~ on the same percentage basis as franchisees. ~~We and our affiliates reserve the right to separate the Brand Promotion Fees paid to us into separate brand promotion programs for each brand or any combination of brands we and they determine, or to consolidate the Brand Promotion Fees paid to us with the brand promotion fees of other brands we or our affiliates maintain so that we maintain and administer one brand promotion program for all brands or any combination of brands as we determine.~~

We or our affiliates or other designees ~~will direct all programs that~~may use some or all of the Brand Promotion Fees ~~finance, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. Brand Promotion Fees may be used for~~, in conjunction with other Network Hotels' contributions or promotional fees, to pay for various expenses and programs that, in our view, benefit, in the short-term or the long-term, the Brand Hotels or any or all of the Network Hotels worldwide. These programs and expenditures may include but are not limited to: preparing and producing video, audio, and written materials and digital media; developing, implementing, and maintaining a franchise system website and related strategies; administering international,

national, regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and administering software, apps, and related integrations; implementing and supporting the loyalty program or other marketing programs designed to encourage the patronage of ~~Brand Promotion~~Network Hotels; supporting public relations, market research, and other advertising, promotion, and marketing activities; participating in travel industry trade shows, operating a global sales department, which activities include group sales, business-to-business, transient, leisure and specialty markets; and such other uses as we deem appropriate for the promotion of ~~Brand Promotion~~Network Hotels and further developing the reputation and image of ~~Brand Promotion~~Network Hotels. We and our affiliates have sole discretion to determine how we spend these fees, including sole control over the creative concepts, materials, endorsements, and media used in the programs, the geographic market in which we and they place any media and allocation of advertising. We or our affiliates may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services, and personnel with any other entity, including our affiliates. The Brand Promotion Fee does not cover your cost of participating in any optional marketing programs and promotions we may offer.

We and our affiliates will account for Brand Promotion Fees separately from our other funds ~~and will not use the Brand Promotion Fees for any of our general operating expenses. However, we~~, though we are not obligated to maintain them in a separate account. We and our affiliates may use Brand Promotion Fees to reimburse us or our affiliates or designees for the ~~reasonable~~ salaries and benefits of personnel who directly or indirectly manage and administer the brand promotion programs ~~for which we use the Brand Promotion Fees~~, associated administrative costs, travel expenses of personnel while they are on corresponding business, meeting costs, overhead relating to the brand promotion programs ~~for which we use the Brand Promotion Fees~~, and other expenses that we incur in activities ~~reasonably~~ related to administering or directing brand promotion programs ~~for which we use Brand Promotion Fees~~, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Promotion Fees. Brand Promotion Fees will not be used principally to solicit new franchise sales.

The ~~B~~brand ~~P~~promotion ~~Fees collected by us~~programs are not a trust and the Brand Promotion Fees do not bear interest. We do not owe any fiduciary obligation to you for administering ~~programs for which we use~~ the ~~B~~brand ~~P~~promotion ~~Fees~~program or any other reason. Our spending of the Brand Promotion Fees in any fiscal year may be more or less than the total Brand Promotion Fees collected by us in such year~~. We may use all interest earned on Brand Promotion Fees to pay costs before spending any Brand Promotion Fees paid to us. We will~~, and the brand promotion programs may borrow from us or others (paying reasonable interest) to cover deficits, or invest surplus for future use. We may prepare an annual, unaudited statement of Brand Promotion Fee payments and expenses, and give you a copy of the most recently prepared statement upon your written request to us. We may (but are not obligated to) have the accounts related to Brand Promotion Fees audited annually, which audit may be paid for using Brand Promotion Fees, by an independent certified public accountant. We may incorporate a brand promotion fund whenever we deem appropriate.

We ~~intend to use the Brand Promotion Fees to promote recognition of the Network Marks under which the Brand Promotion Hotels operate, and patronage of Brand Promotion Hotels which pay Brand Promotion Fees, and the brands of the Brand Promotion Hotels generally. Although we will try to use the Brand Promotion Fees to develop advertising and~~

~~marketing materials and programs, and to place advertising and marketing, that will benefit all Brand Promotion Hotels that pay Brand Promotion Fees, we~~ need not ensure that brand promotion program expenditures ~~for which we use the Brand Promotion Fees~~ in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fees paid by ~~Brand Promotion~~Network Hotels operating in that geographic area or that any ~~Brand Promotion~~Network Hotel benefits directly or in proportion to its Brand Promotion Fee payments from the development of advertising and marketing materials or the placement of advertising and marketing. We and our affiliates may forgive, waive, settle, and compromise all claims by or against the brand promotion programs ~~for which we use the Brand Promotion Fees.~~ . We assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering programs related to the Brand Promotion Fees.

Franchisees of each brand may pay Brand Promotion Fees at a different rate. We and our affiliates also may at any time defer or reduce a franchisee's payment of Brand Promotion Fees and, upon 30 days' prior notice to you, reduce or suspend Brand Promotion Fee payments and programs for which we use such payments for one or more periods of any length and terminate (and, if terminated, reinstate) such programs.

~~We may, but are not obligated, to use Brand Promotion Fees to pay for separate programs and expenditures for Brand Promotion Hotels in the United States or other countries in which Brand Promotion Hotels may be located.~~

In the year ended December 31, ~~2023~~2024, the Brand Promotion Fees ~~collected from Brand Promotion Hotels~~ were used as follows: ~~52~~42% was used for media placement; ~~30~~38% was used for production; ~~10~~7% was used for administrative expenses; and ~~8~~13% was used for other purposes, such as to support our global sales program.

We do not have a franchisee advisory council that advises us on advertising policies, though we reserve the right to establish this council in the future.

Local Advertising

You may advertise and promote your Hotel and related facilities and services on a local and regional basis in a dignified manner, in accordance with the provisions of the Franchise Agreement and the Brand Standards, using our identity and graphics standards for all Brand Hotels, at your cost and expense. You must submit to us samples of all advertising and promotional materials that we have not previously approved (including any materials in digital, electronic or computerized form, or in any form of media that exists now or is developed in the future) before you produce or distribute them. You may not begin using the materials until we approve them. You must immediately discontinue your use of any advertising or promotional materials we reasonably believe is not in the best interest of your Hotel, Brand Hotels generally, or us, even if we previously approved the materials.

You are not obligated to participate in any local or regional advertising cooperative.

You may not engage, directly or indirectly, in any cross-marketing or cross-promotion of your Hotel with any other hotel, motel or related business without our prior written consent, except for the Network Hotels.

Websites, Social Media and Other Online Presence

We maintain a website for the Brand Hotels and certain other Network Brands to advertise, market, and promote Brand Hotels and other applicable Network Hotels, the products and services that they offer and sell, or the franchise opportunity (the "Franchise System Website"). We will have sole discretion and control over the Franchise System Website (including design, contents, and continuation). In connection with the Franchise System Website, we may require you to: (i) provide us the information and materials we request to develop, update, and modify the Franchise System Website with reference to your Hotel information; and (ii) notify us whenever any information on the Franchise System Website is not accurate with respect to your Hotel. We will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply). We also may discontinue the Franchise System Website, create a separate Franchise System Website for any one of the, or any combination of the, Network Brands, or consolidate the Franchise System Website with the website of any other brands we or our affiliates maintain, at any time.

You may not register, own, maintain or use any domain name, homepage, electronic address, website, email address, social media account, username, screen name, other online presence or presence on any electronic, virtual, or digital medium of any kind (collectively, the "Online Presence"), relating to Network Hotels or your Hotel or that includes the Network Marks, except as approved in advance by us. As a general rule, we do not permit franchisees of Brand Hotels to maintain vanity or other independent Online Presences. You may not list the details or contact information of your Hotel on any vanity or other independent websites or other Online Presence, including any OTAs, without our prior approval. You must establish any Online Presence that we may require, and only establish any other Online Presence that we authorize. All use of Online Presences must be in accordance with the Brand Standards and our other guidelines, including the implementation and maintenance of and compliance with privacy policies, as applicable. Given the changing nature of this technology, we have the right to withhold our approval and to withdraw any prior approval to modify our requirements.

You may not, without a legal license or other legal right, post on any Online Presence any material in which any third party has any direct or indirect ownership interest, including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests without obtaining prior written consent from the content owner. You must incorporate on any Online Presence any other information we require in the manner we consider necessary to protect the Network Marks. You must establish any Online Presence that we may require and may establish any other Online Presence that we authorize.

Your use of all Online Presence shall be subject to the Brand Standards as we may implement during the term of your Franchise Agreement. You must adhere to our Online Presence guidelines and procedures, which include but are not limited to: appropriate content, relevance, behavior related to communications, frequency and responsiveness to communications, etiquette, naming conventions and use of the Network Marks and posting messages or commentary on third party websites. We must approve your social media pages and they shall be linked to any Network Brand social media pages we designate. We have the right to require you to remove your social media page(s) if you fail to comply with our guidelines and procedures.

We will own the rights to each Online Presence. At our request, you must grant us access to each Online Presence and take whatever action we request to prove that we own

each Online Presence or help us obtain exclusive administrative rights in such Online Presence.

Upon the expiration or termination of the Franchise Agreement, you must irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in any domain name listings and registrations and other Online Presence which contain any references to the Network Marks or any of the Network Brands, and must notify the applicable domain name registrar(s) or other third party of the termination of your right to use any domain name or Online Presence associated with the Network Marks or any of the Network Brands, and will authorize and instruct the cancellation or transfer of the Online Presence to us (or our designee), as directed by us. You also must delete all references to the Network Marks and any of the Network Brands from any other Online Presence you own, maintain, or operate beyond the expiration or termination of the Franchise Agreement.

Loyalty Program

We and our affiliates may administer and manage loyalty programs that will provide participating guests of your Hotel with certain rewards or benefits when staying at your Hotel. Such loyalty programs may apply specifically for Brand Hotels or to any or all Network Hotels. Currently, Brand Hotels participate in our loyalty program referred to as "Sonesta Travel Pass." We charge Brand Hotel franchisees a loyalty program fee for your participation in the Sonesta Travel Pass program in the amount of 4.5% of your Hotel's Qualified ~~Room~~ Revenue (see Item 6 above) garnered through guests participating in the Sonesta Travel Pass Program; company-owned and company-managed Brand Hotels may pay the loyalty program fee at a different rate, and not all franchised Network Hotels pay a uniform loyalty program fee. We and our affiliates may periodically modify or discontinue the Sonesta Travel Pass program or any other loyalty program that we or our affiliate designate. You must participate in and honor the terms of any and all loyalty, discount or other promotional program applicable to Brand Hotels and pay all applicable fees or charges associated with such programs (including any fees assessed by us and our affiliates, room discounts given to guests, or rewards provided to guests, that are applicable to your Hotel) that we and our affiliates offer to the public on your behalf and any room rate quoted to any guest at the time the guest makes an advance reservation. You must take all action necessary to participate in any loyalty program and you must grant us and our affiliates all necessary rights in and to any photographs, video and/or other marketing materials used in connection with any loyalty programs.

Time between Signing your Franchise Agreement and Opening your Hotel

If you are converting your existing hotel into a Brand Hotel, the typical length of time between signing your Franchise Agreement and opening your Hotel as a Brand Hotel is expected to be 60 to 180 days. Factors that may affect this typical time period include your ability to: install equipment, fixtures, furniture, and signage that comply with Brand Standards; recruit competent staff; and complete any required renovation work, including any PIP that we issue (including obtaining any requisite building permits, certificates of occupancy, and local licenses, as applicable). If your Hotel is a new construction, we require that you commence construction (start pouring the foundation) within 18 months of the date your Franchise Agreement is signed, and open your Hotel as a Brand Hotel within 18 months of commencing construction. If your ~~h~~Hotel is a new construction, we estimate the time from the date on which you sign your Franchise Agreement to the date you open your Hotel as a Brand Hotel to be 18 to 36 months (or 18 months from the time you commence construction). This estimate will vary depending on numerous factors, including location, your ability to obtain a lease, if applicable, construction schedules and unanticipated construction delays, weather conditions, and

financing, as well as those factors identified above in connection with conversions. If you fail to commence the renovation work by the commencement date specified in the PIP or complete the renovation work by the completion date specified in the PIP, or if you fail to commence construction work by the commencement date specified in the Franchise Agreement or complete the construction work by the completion date specified in the Franchise Agreement, we may terminate the Franchise Agreement.

ITEM 12.TERRITORY

We grant franchisees a non-exclusive license to operate Brand Hotels at a specified location. 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.

We and our affiliates retain the right to engage in any and all activities that we (or they) deem appropriate and are not expressly prohibited under the Franchise Agreement, at all times, anywhere in the world, including the right to:

(a) establish and operate, and allow others to establish and operate Brand Hotels at any location on such terms and conditions we deem appropriate;

(b) establish, operate, and license others to establish and operate, anywhere in the world other than the premises of your Hotel, Network Hotels and other businesses that offer products and services which are identical or similar to the products and services offered by Brand Hotels under any trade names, trademarks, service marks, and commercial symbols;

(c) purchase, merge, acquire, be acquired or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that network's, chain's, or business' facilities, and to operate, franchise, or license those businesses under the Marks or any other marks following the purchase, merger, acquisition, or affiliation, regardless of the location of those businesses (or the franchisees or licensees of those businesses);

(d) sell our ownership interests, our assets, the Marks, and/or the Franchise System to a third party; become publicly-traded; engage in a private placement of some or all of our securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and

(e) engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above. We have and continue to use all channels of distribution, including internet, catalog sales, telemarketing, or other direct marketing sales to make sales anywhere using any of the Network Marks or future marks we may acquire or create. We are not obligated to compensate you for sales made to customers located near your Hotel. Franchisees of all Network Brands may solicit or accept customer reservations from customers located anywhere, and likewise, you may solicit or accept customer reservations from customers located anywhere. However, you may not solicit or accept customer reservations through any Online Presence except as expressly permitted by the Brand Standards.

We do not permit the relocation of Brand Hotels. Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to acquire additional franchises.

In special circumstances, we may grant a Brand Hotel an exclusive or protected area in which we will not grant a franchise for another Brand Hotel, if in our sole judgment we believe the circumstances warrant the grant of such protection.

There currently may be franchised ~~or~~, company-owned or company-managed Network Hotels situated near your Hotel. We and our affiliates or subsidiaries may establish and operate new company-owned or company-managed Network Hotels in or near your area. We may offer and grant franchises for new franchised hotels under any of the Network Marks in or near your area. We continue to provide brand management and related services to franchisees of certain Network Brands for which we no longer offer new franchises, which Network Hotels may be located in or near your area. Our affiliates also provide connectivity and distribution services to independent hotels that may be located within close proximity to your Hotel, and may solicit or accept reservations from guests visiting or near your Hotel.

There is no mechanism for resolving any conflicts that may arise between franchised ~~or~~, company-owned or company-managed Network Hotels and franchised Brand Hotels. Any resolution of conflicts regarding location, customers, support, or services will be entirely within your and our business judgment. We utilize the same principal business address as identified in Item 1 of this disclosure document for all Network Brands and do not maintain physically separate offices and training facilities for each Network Brand. While we do not anticipate conflicts between franchisees of different brands, we will analyze any future conflict and take action (if any) that we deem appropriate.

ITEM 13.TRADEMARKS

The Franchise Agreement grants you the non-exclusive right and license to use the Marks, as well as other trademarks, service marks and commercial symbols we authorize in the development and operation of your Hotel.

Sonesta is the owner of the following Marks that are registered with the United States Patent and Trademark Office on the Principal Register ("USPTO"):

SERVICE MARK	REGISTRATION NO.	REGISTRATION DATE
Sonesta	3,685,842	September 22, 2009
	1,177,670	November 10, 1981

Sonesta also has submitted applications to register the following Marks with the USPTO:

SERVICE MARK	SERIAL NO.	APPLICATION DATE
MOD A SONESTA COLLECTION	97/901007	April 21, 2023
MOD A Sonesta Collection	97/900982	April 21, 2023

Sonesta has filed all required renewals and affidavits with the USPTO. Sonesta claims all applicable common law rights for all of the Marks listed above.

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

Use of the Marks: Your Duties

You must immediately notify us of any apparent infringement of or challenge to your use of any of the Marks. We may take any action we think appropriate, and at our option we may control any litigation or administrative proceeding.

If you have timely notified us of a claim or proceeding and comply with the Franchise Agreement, we will indemnify you for all damages for which you are held liable in any proceeding from your authorized use of the Marks.

You may not communicate with any other person regarding any such infringement, challenges, or claims and only we and our affiliates will have the right to handle disputes concerning the Marks. We and our affiliates will take the action we and they consider appropriate (including no action) with respect to such challenges and claims. You must extend your full cooperation to us and our affiliates in these matters. You must sign any documents we believe are necessary to obtain protection for the Marks and assign to us any claims you may have related to these matters. Our decision as to the prosecution, defense and settlement of the dispute will be final. All recoveries made as a result of disputes with third parties regarding the Marks will be for our account.

You will not have the right to use any service marks, copyrights, trademarks, logos, designs, insignia, emblems, symbols, designs, slogans, distinguishing characteristics, trade names, domain names, or other marks or characteristics owned by us or our affiliates that we do not specifically designate to be used as part of the Brand Standards.

You must operate under and prominently display the Marks in your Hotel. You will identify your hotel using the trade name agreed to by you and us and designated in the Franchise Agreement (the "Hotel Trade Name"), which will contain (i) the Marks, and (ii) an additional approved trade name of your Hotel (the "Unaffiliated Mark"). You may not change the Hotel Trade Name without our prior written approval or adopt any other names in operating your Hotel that we do not approve. You also may not use any of the Marks or Network Marks, or the words "Sonesta," "MOD," "Sonesta Collection," or any similar word(s) or acronyms: (a) in your corporate, partnership, business, or trade name except as we provide in the Franchise Agreement, the Brand Manual or otherwise in writing, or (b) in any Online Presence, except as

we provide in the Franchise Agreement, the Brand Manual or otherwise in writing, or (c) in any business operated separate from your Hotel, including in the name or identity of any development or business adjacent to or associated with your Hotel. Any unauthorized use of the Marks will be an infringement of our and our affiliates' rights and a material breach of the Franchise Agreement.

You may not prepare any adaptation, translation, transliteration, or work derived from the Brand Standards, Marks, Confidential Information (as defined in Item 14) or other proprietary rights without our consent. If we approve such adaptation, translation, transliteration, or work derivation, you agree that the derivative work will be our property, and you assign all your right, title, and interest in it to us.

If we decide to modify or discontinue use of any of the Marks or to use one or more additional or substitute Marks, or require you to cease using the Unaffiliated Mark, you must follow our directions to modify or discontinue use of the Marks or the Unaffiliated Mark or to use one or more additional or substitute Marks within a reasonable time after notice. We have no obligations to reimburse you for any expenses resulting from a change in Marks or the removal of the Unaffiliated Mark, for your expenses for promoting a modified or substitute trademark or service mark, or for any indirect expense, such as advertising expenses, or for any goodwill associated with any discontinued Mark.

We anticipate that you may have one or more trademarks used in connection with the operation of your Hotel, including the Unaffiliated Mark. You must grant us and our affiliates a license to use the Unaffiliated Mark during the term of the Franchise Agreement. In addition, you will indemnify and defend us and our affiliates against all third-party claims arising out of or relating to your or our and our affiliates' use of the Unaffiliated Mark during the term of the Franchise Agreement. You agree that you do not obtain any rights in the Marks (beyond the right to use the Marks granted in the Franchise Agreement) by virtue of the use of your trademarks in conjunction with the Marks.

Agreements, Proceedings, Litigation and Infringing Uses

There are no agreements currently in effect that significantly limit our rights to use or license the use of these Marks in any material manner, except as related to the License Agreement between us and Sonesta, as noted below. There are no effective determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court in the United States involving the Marks. There is no pending material litigation or pending infringement, opposition or cancellation proceedings in the United States that could materially affect the use of the Marks.

We and Sonesta entered into a License Agreement dated September 23, 2021 (the "License Agreement"), which grants us the right to use and sublicense to our franchisees the right to use the Marks. The term of the License Agreement is for 99 years unless either party gives notice of termination before the end of such term. If the License Agreement expires or is terminated while your Franchise Agreement is in effect, you will be allowed to continue to use the marks until your Franchise Agreement expires or is terminated.

We do not presently know of any infringing uses that could materially affect your use of the Marks.

ITEM 14.PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Neither we nor any of our affiliates own any patents, pending patent applications or registered copyrights that are material to the franchise. Although we have not filed an application for copyright registration for the Brand Manual, other written materials, or trade dress, we or our affiliates claim copyright protection for the Brand Manual, for any other written materials we develop to assist you in the development and operation of your Hotel, and the trade dress for Brand Hotels. You may use the copyrighted materials to operate your Hotel in accordance with Brand Standards during the term of the Franchise Agreement but you do not have any rights in those materials.

There are no determinations of the U.S. Copyright Office or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees. There are no agreements currently in effect that significantly limit our rights to use or license the use of the copyrighted materials in any material manner.

You must immediately notify us of any apparent infringement of or challenge to your use of any copyrighted materials. We may take any action we think appropriate (including no action), and at our option we may control any litigation or administrative proceeding.

You may not communicate with any other person regarding any such infringement, challenges, or claims and only we and our affiliates will have the right to handle disputes concerning the copyrighted materials. We and our affiliates will take the action we and they consider appropriate with respect to such challenges and claims. You must extend your full cooperation to us and our affiliates in these matters. You must sign any documents we believe are necessary to obtain protection for the copyrighted materials and assign to us any claims you may have related to these matters. Our decision as to the prosecution, defense and settlement of the dispute will be final. All recoveries made as a result of disputes with third parties regarding the copyrighted marks will be for our account. We are not obligated to indemnify you for damages related to use of our copyrighted materials, but we will reimburse you for your costs of taking any action that we or our affiliates have asked you to take in any litigation or proceeding.

We grant you the right to use our Confidential Information. Our "Confidential Information" includes: site selection criteria; training and operations materials and manuals, including the Brand Manual; the Brand Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales, and marketing techniques, knowledge, and experience used in developing, promoting, and operating Brand Hotels; market research, promotional, marketing and advertising programs for Brand Hotels; knowledge of specifications for, and suppliers of FF&E, products and supplies; any Computer System, computer software, or similar technology which is proprietary to us or our affiliates, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology; knowledge of the operating results and financial performance of Brand Hotels, other than your Hotel; and customer data. You must treat the Confidential Information as confidential. You must adopt and implement all reasonable procedures we may periodically establish to prevent unauthorized access, use or disclosure of the Confidential Information, including by establishing reasonable security and access measures and restricting disclosure to key employees and using non-disclosure clauses in agreements with employees, agents and independent contractors who have access to the Confidential Information. You must comply with our requirements concerning confidentiality of the Confidential Information. You may not copy or distribute any part of the Confidential

Information, including the Brand Manual, to anyone except your employees or contractors who have a need to know such Confidential Information to operate your Hotel. You must promptly notify us, in writing, when you learn of any unauthorized use of our Confidential Information. We will respond as we think appropriate.

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

You are not required to participate personally in the direct operation of your Hotel, although we recommend that you do so. Your Hotel must be managed by a general manager (the "General Manager") on a full-time basis, whether employed by you or the Management Company (defined below). The General Manager must meet our minimum qualifications we specify periodically, including completing training regarding management of a Brand Hotel. If the General Manager cannot continue or no longer qualifies to serve as General Manager, the General Manager must be replaced, with an individual who meets our then-current qualifications, within 60 days of the date they cease or no longer qualify to serve as General Manager. The General Manager will not be required to have an equity interest in you.

You may engage a management company (the "Management Company") that we approve to manage the direct operation of your Hotel. We may require you to retain a Management Company as a condition to our grant of an Incentive (as defined in Item 10). The management agreement or other agreement between you and the Management Company will be subject to our prior written approval. Prior to opening your Hotel or within 90 days of activating your Hotel in our system, one of your Hotel Representative(s) must complete our training program to our satisfaction. Whether you are an individual, corporation, limited liability company, partnership or other entity, you are at all times responsible for the management, direction and control of your Hotel, regardless of whether you retain a Management Company. If you are a legal entity, your "Principal" must have at least a 25% ownership interest and voting power in you and must have the authority of a chief executive officer. If you hire a Management Company, it will not be required to have an equity interest in you.

If you hire a Management Company, we require the Management Company to execute the Management Company Joinder to the Franchise Agreement, whereby the Management Company agrees that it is bound by all of the terms of the Franchise Agreement and agrees that it is jointly and severally liable with you for all your obligations under the Franchise Agreement, except with respect to the actual payments of any amounts due to any third parties, our affiliates or pursuant to the Franchise Agreement. The Management Company must have the authority to act on your behalf and deal with us in all matters that may arise under the Franchise Agreement, and we will be entitled to rely solely upon a decision of the Management Company. In the case of any conflict between the Franchise Agreement and any management agreement between you and the Management Company, the Franchise Agreement will prevail.

During the term of the Franchise Agreement, you may not engage in a Competitive Business (defined below). You must obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. However, we do not require you (or your Principal, if you are a legal entity) or the Management Company to sign an agreement not to compete with us after expiration or termination of the Franchise Agreement. You may not use, copy, or disclose any Confidential Information, other than as necessary to operate your Hotel during the term of the Franchise Agreement. We reserve the right to require that any employee, agent, or independent contractor that you hire execute a non-disclosure agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure

agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights.

"Competitive Business" means any entity that (i) owns in whole or in part, whether directly or indirectly, a hotel brand or trade name (whether or not licensed) that, in our judgment, competes with the Brand Hotels or Network Hotels, irrespective of the number of hotels comprising the competitive hotel brand, (ii) grants franchises or licenses for the operation of any competitive hotel brand, or (iii) provides services to any entity that falls under subsection (i) or (ii). Notwithstanding the foregoing, no entity will be considered a Competitive Business if such entity has an interest merely as (a) a franchisee of a competitive hotel brand; (b) a management company operating hotels on behalf of multiple brands; or (c) a passive investor that has no control over business decisions of such brand.

If you are a legal entity, each of your direct and indirect owners, with a 20% or more ownership interest in you, must sign a guaranty of your obligations under the Franchise Agreement in the form attached as Exhibit C to the Franchise Agreement. Each person signing a guaranty assumes and agrees to discharge all of the franchisee's obligations under the Franchise Agreement.

ITEM 16.RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use your Hotel's premises solely for the operation of a Brand Hotel. You will offer and sell from your Hotel all of the products and services that we periodically specify in the Brand Manual or otherwise in writing, including all products and services ancillary to the operation of your Hotel that we may periodically specify, you will not offer or sell at your Hotel or from the premises any product or service we have not authorized, and you will discontinue selling and offering for sale any products and services that we at any time disapprove. We have the right to change the types of products and services that are compatible with the Brand Standards and there are no limitations on our right to make such changes. There are no restrictions as to the customers to whom you may sell Guest Room stays or other products and services ancillary to the operation of your Hotel.

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

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
a. Length of the franchise term	Section 1.A	Term is 20 years.
b. Renewal or extension of the term	Section 13.A	If you satisfy the renewal requirements in the Franchise Agreement, you may acquire a successor franchise for one additional 20-year term.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
c. Requirements for franchisee to renew or extend	Section 13	To qualify for a successor franchise, you must: give timely notice of election to renew; have substantially complied with the Franchise Agreement during its term and have not received four or more default notices during the term; on the date you give the renewal notice and on the date the term of the new franchise agreement would commence, be in full compliance with the Franchise Agreement and all Brand Standards; maintain possession of your Hotel premises and remodel your Hotel as necessary to comply with then-current Brand Standards; if we require, transition your Hotel to a different brand concept that we or an affiliate then offers; if we notify you of any deficiencies, you correct those deficiencies before renewal; you sign our then-current form of franchise agreement, which may contain terms and conditions that differ materially from those in the Franchise Agreement, and any ancillary agreements we then sign for new franchises; pay the renewal fee; and you and your owners must sign a general release, in form satisfactory to us.
d. Termination by franchisee	Sections 14.G and 16.B	You may terminate the Franchise Agreement without paying Lost Revenue Damages (described in Item 6) in the event your Hotel is damaged by fire or other casualty, the damage or destruction is substantial and material, affecting over fifty percent (50%) of the Guest Rooms of your Hotel, the reasonable estimated cost to repair the damage exceeds the fair market value of your Hotel, and you provide us written notice within 60 days of such casualty event of your election not to repair or rebuild your Hotel. If you terminate the Franchise Agreement without cause, you must pay us Lost Revenue Damages (subject to state law).
e. Termination by Franchisor without cause	Section 16.A	If your Hotel is condemned, you must give us notice at the earliest possible time. If, in our sole discretion, the taking is significant enough to render operation of your Hotel in accordance with the Brand Standards impractical, then we may terminate the Franchise Agreement on written notice, effective as of the day of the consummation of the actual taking.
f. Termination by Franchisor with cause	Sections 14.A and 14.B	We may terminate the Franchise Agreement if you or your owners, or any guarantor of your obligations under the Franchise Agreement, violate the Franchise Agreement (subject to state law).
g. "Cause" defined-curable defaults	Section 14.A	Under the Franchise Agreement, you have 30 days to cure operational defaults and other defaults of the Franchise Agreement or Brand Standards not listed in subsection h. below, or other agreements with us relating to your Hotel (subject to state law).

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
h. "Cause" defined-non-curable defaults	Sections 14.B and 16.B; Ex. D-1 and Ex. D-2	Non-curable defaults under the Franchise Agreement include you or any guarantor: failing to pay us (or our affiliates) any amounts due and failing to correct such failure within ten days after our written notice of the same; failing to pay debts as they become due; filing bankruptcy, becoming insolvent, or being placed in a receivership; allowing an attachment to remain on all or a substantial part of your Hotel or of your or its assets for 30 days; failing within 60 days of the entry of a final judgment of any amount exceeding $100,000 to discharge, vacate or reverse the judgment, or to stay execution of it, or if appealed, to discharge the judgment within 30 days after a final adverse decision in the appeal; failing to obtain possession (or to timely provide us evidence of such possession), or losing possession or the right to possession of all or a significant part of your Hotel; failing to timely commence or complete construction work by your required commencement or completion date, or failing to complete the renovation work by your required completion date, as applicable; failing to open your Hotel by the Opening Date; failing to continue to identify your Hotel to the public as a Brand Hotel, or failing to operate your Hotel for five consecutive days, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate your Hotel; contesting in any court or proceeding our ownership of the Marks or any part of the Franchise System, or the validity of any of the Marks; failing to retain the right to use the Unaffiliated Mark; taking any action toward dissolving or liquidating yourself or itself; any of the owners of a controlling equity interest in you are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony (or any other offense or conduct that we reasonably determine is likely to adversely reflect upon your Hotel, the Marks, the Network Hotels, us or our subsidiaries or affiliates); concealing revenue, maintaining false books and records of accounts, submitting false reports or information to us or otherwise attempt to defraud us or any third-party in connection with the operation of your Hotel; engaging in any dishonest or unethical behavior; knowingly making unauthorized use or disclosure of any part of the Brand Manual or any other Confidential Information; failing to pay when due any taxes due on your Hotel's operation; becoming a Competitive Business; engaging in an unauthorized transfer; not purchasing or maintaining required insurance, or not reimbursing us for our purchase of insurance on your behalf; failing to obtain or maintain licenses required to operate your Hotel; we learn of any information involving you or your affiliates that we determine is likely to adversely reflect upon any gaming licenses or permits held by us or our affiliates, or our or their reputation; we reasonably determine that continued operation of your Hotel will result in imminent danger to public health or safety; you violate any law, ordinance, rule or regulation and fail to correct such violation within 72 hours after receiving notice from us or another party; or any guarantor breaches his or her guaranty or fails to provide adequate assurances to us (subject to state law). Non-curable defaults also include engaging in the same noncompliance within any consecutive 24-month period, or breach of the Franchise Agreement on 3 or more separate occasions within any consecutive 12-month period, regardless of whether the defaults are cured. If your Hotel is damaged by fire or other casualty and you elect to repair or rebuild your Hotel, we may terminate the Franchise Agreement if you fail to complete the restoration in accordance with Brand Standards and

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
		recommence operations within 180 days after the casualty event occurs.
i. Franchisee's obligations on termination/non-renewal	Sections 14.C through 14.H	Pay us all amounts owed within 15 days, and promptly pay all amounts owed to third parties when due; cease use of the Marks; cease identifying yourself or any business as a current or former franchisee or Hotel and cancel all fictitious or assumed name registrations relating to the Marks; deliver to us or destroy all signs, marketing materials, forms and other materials containing any Mark or relating to a Brand Hotel, including copies of Confidential Information; de-identify your Hotel; cease using and disable or transfer to us or our designee all telephone numbers, Online Presences and other contact identifiers used to operate your Hotel; pay damages, if applicable; not interfere with our or our affiliates' relationships with vendors or consultants or engage in activity that might injure the goodwill of the Marks or Brand Hotels; and honor any advance reservations made for your Hotel prior to the termination at the rates and on the terms established at the time of booking.
j. Assignment of contract by Franchisor	Section 12.A	No restriction on our right to assign.
k. "Transfer" by franchisee-defined	Section 12.B	Any voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in: the Franchise Agreement (or any interest in it); you; your Hotel or substantially all of its assets; or your owners (if such owners are legal entities). An assignment, sale, gift, or other disposition includes: transfer of ownership interest, including by public offering or private placement; merger; sale of convertible security; divorce, insolvency or dissolution; transfer by will, declaration of trust, or intestate succession; or pledge of the Franchise Agreement or an ownership interest in you or your owners as security, foreclosure, or surrender or loss of the possession, control, or management of your Hotel.
l. Franchisor's approval of transfer by franchisee	Section 12.B	You may not make any transfers without our prior written consent, which we will give reasonable consideration.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
m. Conditions for Franchisor approval of transfer	Section 12.C	You have paid all Royalties and Brand Promotion Fees, and other amounts owed and have submitted all required reports and statements; you have not violated any provision of the Franchise Agreement, your Lease, or any other agreement with us during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer, nor have you received a notice of termination from us; the transferee, its owners and its affiliates do not have an ownership interest in or perform services for a Competitive Business; you provide us all information or documents we request about the proposed transfer, the transferee, and its owners; the transferee satisfactorily completes any training, brand introduction and/or orientation program that we require at the time of the transfer; your landlord, if applicable, consents to the transfer or sublease of the Lease; the transferee agrees to meet with us at our request, either virtually or in person, to conduct an inspection of the Premises and develop a PIP for necessary upgrades, remodeling, and refurbishment of your Hotel and your Hotel's FF&E in accordance with our then-current requirements and specifications for Brand Hotels, and complete the renovation work therein within 120 days after the effective date of the transfer; the transferee, at our request, signs our then current form of franchise agreement and related documents (which agreement may differ materially from the Franchise Agreement); transferee meets our qualifications then imposed on new franchisees; payment of transfer fee; you and your owners sign a general release; and you cease to identify yourself as a current or former franchisee.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 12.D	You must notify us in writing of your intent to sell the Hotel. Upon any offer you receive for the purchase of your Hotel, we will have the right to purchase your Hotel on the same terms and conditions as those offered by the third party. We will have 30 days to decide whether to purchase your Hotel
o. Franchisor's option to purchase franchisee's business	Section 12.D	If we decide to purchase your Hotel pursuant to our right of first refusal, we will purchase the Hotel on the same terms and conditions as those offered by the third party purchaser.
p. Death or disability of franchisee	Section 12.C	Upon the death or incapacity of a franchisee who is a natural person or one of your owner's if you are an entity, if a transfer is proposed to be made to such person's spouse and we do not approve the spouse as transferee, the trustee or administrator of the transferor's estate will have nine months after the disapproval in which to transfer the interests to another party approved by us. Transfer to a spouse will be subject to the same conditions identified in subsection m. above, except no transfer fee will be due.
q. Non-competition covenants during the term of the franchise	Section 7.A	No direct or indirect interest as an owner in a Competitive Business, wherever located or operating; no performing services for a Competitive Business, wherever located or operating; and no use of the Franchise System or Brand Standards for any business other than your Hotel.
r. Non-competition covenants after the franchise is terminated or expires	Not Applicable	Not Applicable

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTION IN FRANCHISE AGREEMENT**	**SUMMARY**
s. Modification of the agreement	Section 17.K	No modifications of the Franchise Agreement except by written agreement, except that we may modify the Brand Manual and Brand Standards.
t. Integration / merger clause	Section 17.N	Only the terms of Franchise Agreement, including its attachments and the Brand Standards, are binding (subject to state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 17.F	We and you must arbitrate all disputes (except for claims to collect amounts owed) at a location within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts) (subject to state law).
v. Choice of forum	Sections 17.H and 17.J	Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts) (subject to state law). However, we may seek injunctive relief in any court of competent jurisdiction.
w. Choice of law	Section 17.G	Except for the U.S. Trademark Act, the Federal Arbitration Act and other federal laws, Massachusetts law applies (subject to state law).

ITEM 18.PUBLIC FIGURES

We do not use any public figures to promote the sale of franchises.

ITEM 19.FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's 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 such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Bradford Maxwell, 400 Centre Street, Newton, Massachusetts 02458, (617) 421-5400, ~~legal~~franchiselegal@sonesta.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20.OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS ~~2021~~2022 to ~~2023~~[1]2024[1]

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
~~Franchised~~	~~2021~~	~~0~~	~~0~~	~~0~~
Franchised	2022	0	0	0
	2023	0	0	0
~~Company-Owned~~[2]	~~2021~~2024	0	~~0~~1	~~0~~+1
Company-Owned[2]	2022	0	0	0
	2023	0	0	0
~~**Total Outlets**~~	~~**2021**~~2024	0	0	0
Total Outlets	**2022**	**0**	**0**	**0**
	2023	**0**	**0**	**0**
	2024	**0**	**1**	**+1**

[1] Each year is as of December 31 for each Table under Item 20.

[2] Company-owned hotels include affiliate-owned and affiliate-managed hotels.

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR THE YEARS ~~2021~~2022 to ~~2023~~2024

State	Year	Number of Transfers
~~All States~~	~~2021~~	~~0~~
All States	2022	0
	2023	0
~~**Total Outlets**~~	~~**2021**~~2024	0
Total Outlets	**2022**	**0**
	2023	**0**
	2024	**0**

TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
~~All States~~ Texas	~~2021~~ 2022	0	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0	0
	~~2023~~	0	~~0~~1	0	0	0	0	~~0~~1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
	2024							
Total	~~2021~~ 2022	0	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0	0
	~~2023~~ 2024	0	~~0~~1	0	0	0	0	~~0~~1

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2021~~2022 to ~~2023~~2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	~~2021~~ 2022	0	0	0	0	0	0
	~~2022~~ 2023	0	0	0	0	0	0
	~~2023~~ 2024	0	0	0	0	0	0
Total	~~2021~~ 2022	**0**	**0**	**0**	**0**	**0**	**0**
	~~2022~~ 2023	**0**	**0**	**0**	**0**	**0**	**0**
	~~2023~~ 2024	**0**	**0**	**0**	**0**	**0**	**0**

TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, ~~2023 FOR~~ 2024 FOR 2025

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchisee Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
~~All States~~Arizona	0	~~0~~1	0
Nevada	0	1	0
Total	**0**	**~~0~~2**	**0**

The names of all franchisees and the address and telephone numbers of all of their outlets as of December 31, 2024 are listed in Exhibit J.

~~There were no franchisees or franchised locations as of December 31, 2023.~~ There were no franchisees who had a Franchise Agreement terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisees have signed confidentiality clauses restricting their ability to speak openly about their experience with the franchise system.

There are no trademark specific franchisee organizations associated with the franchise system.

ITEM 21.FINANCIAL STATEMENTS

Attached as Exhibit B to this disclosure document are the audited consolidated financial statements of our parent, RLHC and its subsidiaries, consisting of the consolidated balance sheets of RLHC as of December 31, ~~2023~~2024 and December 31, ~~2022~~2023, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, ~~2023~~2024.

SRLHF is a wholly-owned subsidiary of RLHC, and RLHC absolutely and unconditionally guarantees to assume the duties and obligations of SRLHF under the Franchise Agreements entered into while SRLHF is an affiliate of RLHC. A copy of the RLHC guaranty is attached as Exhibit C to this disclosure document.

ITEM 22.CONTRACTS

The following contracts are exhibits to this disclosure document:

Exhibit D	Franchise Agreement (including the Guaranty and Assumption of Obligations attached as Exhibit C to the Franchise Agreement)
Exhibit E	Development Incentive Promissory Note
Exhibit F	Representations and Acknowledgment Statement
Exhibit G	Sample General Release
Exhibit I	Consent to Transfer
Exhibit ~~J~~K	State Addenda and Agreement Riders
Exhibit L	Voice Reservation With Auto Attendant Service Agreement

ITEM 23.RECEIPTS

Exhibit ~~K~~M contains detachable documents acknowledging your receipt of the disclosure document.

EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

CALIFORNIA

Department of Financial Protection & Innovation:
1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

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

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 610-2093

San Francisco

One Sansome Street, Ste. 600
San Francisco, California 94104-4428
(415) 972-8565

HAWAII

(state administrator)

Business Registration Division
Securities Compliance Branch
Department of Commerce and Consumer Affairs
P.O. Box 40
Honolulu, Hawaii 96810
(808) 586-2727

(agent for service of process)

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
Commissioner of Securities
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2744

ILLINOIS

Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62701
(217) 782-4465

INDIANA

(state administrator)

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

(agent for service of process)

Indiana Secretary of State
200 West Washington Street, Room 201
Indianapolis, Indiana 46204
(317) 232-6531

MARYLAND

(state administrator)

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner
at the Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building
525 West Ottawa Street
Lansing, Michigan 48909
(517) 373-7622

(agent for service of process)

Michigan Department of Commerce,
Corporations, Securities & Commercial
Licensing Bureau
P.O. Box 30018
Lansing, Michigan 48909

MINNESOTA

(state administrator)

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

(agent for service of process)

Commissioner of Commerce
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1600

NEW YORK

(state administrator)

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(agent for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

NORTH DAKOTA

(state administrator)

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

(agent for service of process)

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

OREGON

Department of Business Services Division of
Financial Regulation
350 Winter Street, NE, Room 410
Salem, Oregon 97310-3881
(503) 378-4387

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-2
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Second Floor
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(state administrator)

State Corporation Commission
Division of Securities
and Retail Franchising
1300 East Main Street, Ninth Floor
Richmond, Virginia 23219
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission
1300 East Main Street, First Floor
Richmond, Virginia 23219
(804) 371-9733

WASHINGTON

(state administrator)

Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

(agent for service of process)

Director
Department of Financial Institutions
Securities Division
150 Israel Road, S.W.
Tumwater, Washington 98501

WISCONSIN

(state administrator)

Securities and Franchise Registration
Wisconsin Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-0448

(agent for service of process)

Office of the Secretary
Wisconsin Department of Financial Institutions
P.O. Box 8861
Madison, Wisconsin 53708-8861
(608) 261-9555

EXHIBIT B

FINANCIAL STATEMENTS

~~**UNAUDITED FINANCIALS**~~

~~**AUDITED FINANCIALS**~~

RED LION HOTELS CORPORATION

Financial Statements

For the years ended December 31, 2024, 2023 (Restated) and 2022

Deloitte & Touche LLP
115 Federal Street
Boston, MA 02110
USA
Tel: +1 617 437 2000
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT

Red Lion Hotels Corporation

Opinion

We have audited the consolidated financial statements of Red Lion Hotels Corporation (the "Company"), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2024, and the related notes to the consolidated financial statements (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 each of the three years in the period ended December 31, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Restatement of the 2023 Financial Statements

As discussed in Note 2 to the financial statements, the accompanying 2023 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

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 that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

Deloitte & Touche LLP

March 24, 2025

RED LION HOTELS CORPORATION
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except share data)

	December 31,	
	2024	**2023**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 13,316	$ 37,753
Accounts receivable, net	9,258	7,259
Notes receivable, net	40	42
Prepaid expenses and other current assets	4,592	3,441
Total current assets	27,206	48,495
Property and equipment, net	1,178	816
Intangible assets, net	20,884	21,153
Operating lease right of use assets	1,686	2,131
Goodwill	19,680	19,680
Other long term assets	30,308	12,324
Total assets	$ 100,942	$ 104,599
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,481	$ 1,915
Accrued compensation	4,202	3,745
Accrued expenses and other current liabilities	868	1,631
Operating lease liabilities	581	595
Total current liabilities	7,132	7,886
Long term liabilities:		
Operating lease liabilities, net of current portion	1,218	1,680
Due to related parties	7,234	8,768
Deferred income taxes	235	235
Loyalty program	139	-
Other long-term liabilities	6,753	4,886
Total long term liabilities	15,579	15,569
Total liabilities	22,711	23,455
Commitments and contingencies (Note 8)		
Shareholders' Equity:		
Common shares, $0.01 par value; 50,000,000 shares authorized, 25,464,899 issued and outstanding	255	255
Additional paid in capital	87,652	87,652
Accumulated deficit	(9,676)	(6,763)
Total shareholders' equity	78,231	81,144
Total liabilities and shareholders' equity	$ 100,942	$ 104,599

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

RED LION HOTELS CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands)

	Year Ended December 31,		
	2024	**2023**	**2022**
Revenues:			
Franchise fees	$ 15,110	$ 17,139	$ 17,684
System, reservation and marketing fees	24,752	21,364	21,287
Loyalty program fees	149	258	255
Other fee revenue	6,463	6,231	3,103
Total fee revenue	46,474	44,992	42,329
Hotel operations	4,577	10,574	11,634
Total revenues	51,051	55,566	53,963
Operating costs and expenses:			
Sales and marketing	24,180	18,493	18,496
General, administrative and other	24,543	25,288	20,899
Hotel operations	5,383	9,105	10,914
Depreciation and amortization	489	1,691	3,506
Total operating costs and expenses	54,595	54,577	53,815
Operating income (loss)	(3,544)	989	148
Interest expense	-	-	(11)
Other income and expenses, net	921	440	(1)
Gain (loss) on sale of assets	(153)	160	-
Acquisition costs	-	(8)	(2,885)
Income (loss) before income tax expense	(2,776)	1,581	(2,749)
Income tax expense	(137)	(104)	(437)
Net income (loss)	$ (2,913)	$ 1,477	$ (3,186)

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

RED LION HOTELS CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands, except share data)

	Number of Common Shares	Common Stock	Additional Paid In Capital	Accumulated Deficit	Total Shareholders' Equity
Balance at December 31, 2021	25,464,899	$ 255	$ 87,652	$ (5,054)	$ 82,853
Net loss	-	-	-	(3,186)	(3,186)
Balance at December 31, 2022	25,464,899	255	87,652	(8,240)	79,667
Net Income	-	-	-	1,477	1,477
Balance at December 31, 2023	25,464,899	255	87,652	(6,763)	81,144
Net loss	-	-	-	(2,913)	(2,913)
Balance at December 31, 2024	25,464,899	$ 255	$ 87,652	$ (9,676)	$ 78,231

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

RED LION HOTELS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	December 31,		
	2024	**2023 (Restated)**	**2022**
Cash flows from operating activities:			
Net income (loss)	$ (2,913)	$ 1,477	$ (3,186)
Adjustments to reconcile net loss to cash provided by (used in) operating activities:			
Depreciation and amortization	489	1,691	3,506
Amortization of key money and contract costs	1,514	396	7
Amortization of contract liabilities	192	1,497	713
Deferred income taxes	-	1	1
Provision (Recovery) of doubtful accounts	1,112	(1,819)	654
Other income (expense), net	-	-	846
Loss (gain) on sale of hotel	153	(160)	-
Change in current assets and liabilities			
Accounts receivable, net	(3,111)	(942)	(50)
Prepaid expenses and other current assets	(706)	(414)	(541)
Other long term assets	(19,498)	(9,440)	(1,007)
Accounts payable	(434)	(436)	(682)
Loyalty program liability	139	-	-
Accrued compensation, accrued expenses, and other liabilities	893	(2,777)	3,600
Net cash provided by (used in) operating activities	(22,170)	(10,926)	3,861
Cash flows from investing activities:			
Capital expenditures	(735)	(433)	(358)
Proceeds from sale of hotel	-	550	-
Merger purchase price adjustment	-	-	(264)
Disbursement of notes receivable	(12)	-	-
Collection of notes receivable	14	39	54
Cash transfers from (to) parent for centralized cash management	-	38,264	(3,245)
Net cash provided by (used in) investing activities	(733)	38,420	(3,813)
Cash flows from financing activities:			
Cash transfers from (to) parent for centralized cash management	(1,534)	8,768	-
Net cash provided by (used in) financing activities	(1,534)	8,768	-
Change in cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	(24,437)	36,262	48
Cash and cash equivalents at beginning of period	37,753	1,491	1,443
Cash and cash equivalents at end of period	$ 13,316	$ 37,753	$ 1,491

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

RED LION HOTELS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(dollars in thousands)

	December 31,		
	2024	**2023**	**2022**
Supplemental cash flow information:			
Cash paid for income taxes	$ 102	$ -	$ 138

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

1. Organization

Red Lion Hotels Corporation ("RLH Corporation," "RLHC," "RLH", "we," "our," "us," or "company") is engaged, through its subsidiaries, in the franchising and ownership of hotels of its proprietary brands, including the following brands that are being actively sold in the United States and Canada: The Royal Sonesta Hotels, The James Hotels, Classico Collection by Sonesta, MOD A Sonesta Collection, Sonesta Hotels and Resorts, Sonesta Select Hotels, Sonesta Essential Hotels, Sonesta ES Suites, Sonesta Simply Suites, Red Lion Hotels, Inns & Suites by Sonesta, Signature Inn by Sonesta, Americas Best Value Inn by Sonesta, Canadas Best Value Inn by Sonesta and Knights Inn. As of December 31, 2024, our system for all our brands included 834 franchised and licensed hotels and 1 company owned and operated hotel. RLH Corporation is wholly owned by Sonesta International Hotels Corporation ("Sonesta").

On December 30, 2020, RLH Corporation entered into a definitive merger agreement ("Merger Agreement") with Sonesta International Hotels Corporation ("Sonesta") under which RLHC was acquired by Sonesta in an all-cash transaction ("Merger"). On March 17, 2021, the Merger closed and, subsequently, consideration totaling $87.9 million was transferred from Sonesta to RLHC shareholders.

2. Restatement of Previously Issued Financial Statements

The financial statements for the year ended December 31, 2023 have been restated to correct errors within the statement of cash flows. In connection with the preparation of our 2024 financial statements, we detected that key money disbursements of $9,598 were not correctly presented in the 2023 statement of cash flows. In the previously issued financial statements, such disbursements were erroneously presented as investing cash outflows, and the 2023 statement of cash flows has been restated to correctly present these disbursements as operating cash outflows, within changes in other long-term assets.

In addition, during the preparation of the 2024 financial statements, we detected that cash transfers for centralized cash management of $38,264 were not correctly presented in the 2023 statement of cash flows. This resulted in an overstatement of cash provided by financing activities of $38,264 and an understatement of cash provided by investing activities of $38,264. The 2023 statement of cash flows has been restated to correctly present these cash transfers as investing cash inflows.

These misstatements did not have any impact on the Company's net income, balance sheet, or statement of shareholders' equity. The impacts from correcting these errors within the statement of cash flows as of December 31, 2023 are as follows (in thousands):

	As Reported	Adjustments	As Restated
Cash flows from operating activities:			
Other long term assets	$ 158	$ (9,598)	$ (9,440)
Net cash provided by (used in) operating activities	(1,328)	(9,598)	(10,926)
Cash flows from investing activities:			
Key money disbursements	$ (9,598)	$ 9,598	$ -
Cash transfers from (to) parent for centralized cash management	-	38,264	38,264
Net cash provided by (used in) investing activities	(9,442)	47,862	38,420
Cash flows from financing activities:			
Cash transfers from (to) parent for centralized cash management	$ 47,032	$ (38,264)	$ 8,768
Net cash provided by (used in) financing activities	47,032	(38,264)	8,768

3. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

The consolidated financial statements have been prepared by us in accordance with generally accepted accounting principles in the United States of America, or GAAP, and include all accounts and controlled subsidiaries' accounts. All inter-company accounts have been eliminated upon consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and related notes. Actual results could differ from those estimates. Significant estimates in our consolidated financial statements include the allowance for credit losses, useful lives of long-lived assets, valuation of intangible assets and goodwill, and impairment of long-lived assets.

Revenue Recognition

Revenue is generally recognized as services are provided. Revenues are primarily derived from franchise contracts with third-party hotel owners, as well as from individual hotel guests and corporate patrons at our owned and leased hotels. The majority of compensation received for our performance obligations is variable or fixed consideration from our franchise contracts or fixed transactional guest consideration through our owned and leased hotels. We recognize the variable fees as the services to which they relate are delivered. In certain circumstances, we defer consideration and recognize consideration over time as the related performance obligations are satisfied.

Franchised hotels revenue

We identified the following services as one performance obligation in connection with our franchise contracts:

- *Intellectual Property (IP)* licenses grant a non-exclusive, limited revocable license to the Sonesta RL Hotels Franchising Inc. (“SRLHF”) trademarks and hotel names.
- *Manual and Training Services* provide operational assistance unique to the SRLHF brands, business model and standards.
- *Reservation Services* are provided through direct or indirect system access.
- *Marketing Services and Arrangements* benefit the overall hotel network and include brand promotions, direct guest marketing, brand name marketing and various other programs targeted at advertising to guests.

The performance obligation related to franchise revenues is delivered over time. While the underlying services may vary from day to day, the nature of the promises are the same each day, which is recognized in the month the service is provided, and the property owner can independently benefit from each day's services. Franchise fees for midscale agreements are typically based on the sales or usage of the underlying hotel, with the exception of fixed upfront fees that usually represent an insignificant portion of the transaction price. Franchise fees for economy agreements are typically fixed fee for royalties and marketing based on the room count of the hotel.

Franchise revenues represent fees earned in connection with the licensing of one of our brands, usually under long-term contracts with the property owner, and include the following:

- *Franchise fees* are royalties generally based on a percentage of a hotel's monthly gross room revenue or a fixed monthly fee based on room count. These fees are typically billed and collected monthly, and revenue is generally recognized at the same time the fees are billed.

- *System, reservation and marketing fees* are associated with our brands and shared services, which are paid from fees collected by us from the franchised properties. Revenue is generally recognized on a gross basis as fees are billed, which are based on the underlying hotel's sales or usage (e.g., gross room revenues and number of reservations processed) and expenses are expected to equal the revenues over time.
- *Other fee revenue* are primarily charges for services provided to franchised properties for revenue management and quality assurance inspections as well as liquidated damages paid if an agreement is terminated early.

Any consideration paid to incentivize hotel owners to enter into franchise contracts is capitalized and reduces revenues as amortized over the length of the contract. Application fees paid at the initiation of a franchise contract are capitalized and amortized to revenues over the length of the contract. The commission or direct costs of acquiring the contract or modification are recorded as contract acquisition costs and are amortized on a straight-line basis as a reduction of franchise fees and system, reservation and marketing fees in the consolidated statements of comprehensive income (loss) over the length of the contract.

Company operated hotels revenue

We identified the following performance obligations in connection with our owned and leased hotel revenues, for which revenue is recognized as the respective performance obligations are satisfied, which results in recognizing the amount we expect to be entitled to for providing the goods or services to the hotel customer or guest:

- *Room reservations or ancillary services* are typically satisfied as the good or service is transferred to the hotel guest, which is generally when the room stay occurs.
- *Other ancillary goods and services* are purchased independently of the room reservation at standalone selling prices and are considered separate performance obligations, which are satisfied when the related good or service is provided to the hotel guest.

Hotel operations revenue primarily consist of hotel room rentals, revenue from accommodations sold in conjunction with other services (e.g., package reservations), food and beverage sales and other ancillary goods and services (e.g., parking) related to owned or leased hotel properties. Revenue is recognized when rooms are occupied or goods and services have been delivered or rendered, respectively. Payment terms typically align with when the goods and services are provided.

Taxes and fees collected on behalf of governmental agencies

We are required to collect certain taxes and fees from customers on behalf of governmental agencies and remit these back to the applicable governmental agencies on a periodic basis. We have a legal obligation to act as a collection agent. We do not retain these taxes and fees and, therefore, they are not included in our measurement of transaction prices. We have elected to present revenue net of sales taxes and other similar taxes. We record a liability when the amounts are collected and relieve the liability when payments are made to the applicable taxing authority or other appropriate governmental agency.

Cash and Cash Equivalents

All highly liquid investments purchased with an original maturity of three months or less are considered to be cash equivalents. At times, cash balances at banks and other financial institutions may be in excess of federal insurance limits.

Allowance for Doubtful Accounts

The ability to collect individual accounts or notes receivable is reviewed on a routine basis. An allowance for doubtful accounts is recognized based on a combination of reserves calculated based on underlying characteristics of receivables (such as the age of the related receivable) as well as specifically identified amounts believed to be uncollectible. If actual collection experience changes, revisions to the allowance may be required and if all attempts to collect a receivable fail, it is recorded against the allowance. The estimate of the allowance for doubtful accounts may be impacted by, among other things, national and regional economic conditions.

The following schedule summarizes the activity in the allowance account for trade accounts receivable for each of the periods during the past two years (in thousands):

	Year Ended December 31,	
	2024	2023
Balance, beginning of year	$ 2,040	$ 757
Additions to allowance	1,112	1,411
Write-offs	(2,026)	(128)
Balance, end of year	$ 1,126	$ 2,040

Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of prepaid insurance, prepaid maintenance contracts, short-term key money and short-term contract assets.

Due to/from Related Parties

Due from related parties represents cash transferred to a central concentration account held by our owner, Sonesta, offset by certain vendor and payroll related payments made by Sonesta on our behalf ("Cash Transfers"). Cash Transfers are included in cash transfers to/from parent for centralized cash management as an investing or financing activity in our consolidated statements of cash flows depending on the inflow or outflow activity in our consolidated statements of cash flows.

RLHC has distributed cash to Sonesta for working capital purposes and Sonesta has paid a number of vendors on behalf of RLH. The net impact of this activity for the year end December 31, 2024 and December 31, 2023 are $7.2 million and $8.8 million in payables between Sonesta and RLH, included in due to related parties in our consolidated balance sheets. As such and given our low capital expenditures, RLH has sufficient funds necessary to maintain its operations and continue to generate cash to pay obligations that are expected to arise in the ordinary course of business. Additionally, if needed, we have the ability to seek additional funds from Sonesta.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. The cost of improvements that extend the life of property and equipment are capitalized. Repairs and maintenance charges are recognized as an expense as incurred.

Leases

We determine if an arrangement is a lease or contains a lease at inception. If an arrangement is a lease or contains a lease, we then determine whether the lease meets the criteria of a finance lease or an operating lease. Operating leases are included in operating lease right-of-use assets and operating lease liabilities, in our consolidated balance sheets. We reassess if an arrangement is or contains a lease upon modification of the arrangement.

At the commencement date of a lease, we recognize a lease liability for contractual fixed lease payments and a corresponding right-of-use asset representing our right to use the underlying asset during the lease term. The lease liability is measured initially as the present value of the contractual fixed lease payments during the lease term. The lease term additionally includes renewal periods only if it is reasonably certain that we will exercise the options. Contractual fixed lease payments are discounted at the rate implicit in the lease when readily determinable. As most of our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at the commencement date. Additionally, we elected not to recognize leases with lease terms of 12 months or less at the commencement date in our consolidated balance sheets. The right-of-use asset is recognized at the amount of the lease liability with certain adjustments, if applicable. These adjustments include lease incentives, prepaid rent, and initial direct costs.

Indefinite-Lived Intangible Assets

Through prior business combinations we have obtained intangible assets related to our Americas Best Value Inn, Canadas Best Value Inn, Guesthouse, and Knights Inn brands. As a result of the Merger, intangible assets were recognized for Red Lion brands as well. At the time of each acquisition, the brands were assigned a fair value based on the relief from royalty method. As there are no limitations on the useful lives of these assets, we have determined they are indefinite-lived intangible assets that will not be amortized. Annually, we reassess the useful lives of each asset to determine if they should continue to be classified as indefinite and we additionally test the assets for impairment. Impairment may also be tested at any point in which facts and circumstances indicate that it is more likely than not that the fair value of the asset is less than the carrying amount. As part of the impairment test, we may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value of the asset is less than its carrying amount, or if we elect to bypass the qualitative assessment, we would then proceed with a quantitative assessment. The quantitative assessment involves calculating an estimated fair value of the asset using the relief from royalty method, and comparing the estimated fair value of the asset to its carrying amount. If the estimated fair value of the asset exceeds its carrying value, no impairment is recognized. However, if the carrying amount of the asset exceeds its fair value, an impairment loss is recognized in an amount equal to the excess.

There were no impairment losses recognized during the years ended December 31, 2024, 2023, and 2022.

Valuation of Long-Lived Assets Including Finite-Lived Intangible Assets

We test long-lived asset groups, including finite-lived intangible assets, for recoverability when changes in circumstances indicate the carrying value may not be recoverable. For example, when there are material adverse changes in projected revenues or expenses, significant underperformance relative to historical or projected operating results, or significant negative industry or economic trends. We also perform a test for recoverability when management has committed to a plan to sell or otherwise dispose of an asset group. We evaluate recoverability of an asset group by comparing its carrying value to the future net undiscounted cash flows that we expect will be generated by the asset group. If the comparison indicates that the carrying value of an asset group is not recoverable, we recognize an impairment loss for the excess of carrying value over the estimated fair value. When we recognize an impairment loss for assets to be held and used, we depreciate the adjusted carrying amount of those assets over their remaining useful life.

Goodwill

Goodwill is not amortized, and we test goodwill for impairment each year or more frequently should facts and circumstances indicate that it is more likely than not that the fair value is less than the carrying amount. As part of the impairment test, we may elect to perform an assessment of qualitative factors. If this qualitative assessment indicates that it is more likely than not that the fair value, including goodwill, is less than its carrying amount, or if we elect to bypass the qualitative assessment, we would then proceed with a quantitative assessment. The quantitative assessment involves calculating an estimated fair value based on projected future cash flows, and comparing the estimated fair value to the carrying amount, including goodwill. If the estimated fair value exceeds carrying value, including goodwill, no impairment is recognized. However, if the carrying amount, including

goodwill, exceeds fair value, an impairment loss is recognized in an amount equal to the excess, limited to the total goodwill balance.

We have not recognized any impairment on goodwill during the years ended December 31, 2024, 2023, and 2022.

Other Long Term Assets

Other long term assets primarily consist of key money arrangements with certain of our franchisees and contract assets. We recognize key money paid in conjunction with entering into long-term franchise agreements as other long term assets on our consolidated balance sheets and amortize the amount paid as a reduction of revenue over the term of the franchise agreements. The portion of these costs that will be amortized over the following 12 months are classified as prepaid expenses and other current assets on our consolidated balance sheets.

Fair Value Measurements

Applicable accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). We measure our assets and liabilities using inputs from the following three levels of the fair value hierarchy:

- Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access at the measurement date.
- Level 2 inputs include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability (i.e., interest rates, yield curves, etc.), and inputs that are derived principally from or corroborated by observable market data by correlation or other means (market corroborated inputs).
- Level 3 includes unobservable inputs that reflect assumptions about what factors market participants would use in pricing the asset or liability. We develop these inputs based on the best information available, including our own data.

Income Taxes

We account for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning, and results of recent operations. At December 31, 2024 and 2023, a partial valuation allowance was recorded to reduce our deferred tax assets to an amount that is more likely than not to be realized. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

We classify any interest expense and penalties related to underpayment of taxes and any interest income on tax overpayments as components of income tax expense.

Advertising and Promotion

Costs associated with advertising and promotional efforts are generally recognized as incurred.

Recent Accounting Pronouncements

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. The primary objective of this update is to enhance an entity's income tax disclosures, providing investors with better insights into how an entity's operations, tax risks, and planning, impact its tax rate and prospects for future cash flows. Under the ASU, entities are required to annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income (or loss) by the applicable statutory income tax rate. For non-public entities, ASU No. 2023-09 is effective for annual periods beginning after December 15, 2025. We are currently assessing the potential impact the adoption of ASU No. 2023-09 will have on our consolidated financial statements.

4. Property and Equipment

Property and equipment used in continuing operations is summarized as follows (in thousands):

	December 31,		
Asset Description	**2024**	**2023**	**Estimated Useful Lives**
Building improvements	610	641	Up to 40 years
Furniture and fixtures	528	892	Up to 10 years
Landscaping and land improvements	4	25	Lesser of useful life or remaining lease term
Construction in progress	537	58	N/A
	1,679	1,616	
Accumulated depreciation	(501)	(800)	
Property and equipment, net	$ 1,178	$ 816	

Depreciation expense for property and equipment was $0.2 million, $1.4 million and $3.2 million, for the years ended December 31, 2024, 2023 and 2022 respectively. We retired $0.1 million and $3.4 million of fully depreciated assets for the years ended December 31, 2024 and 2023. The depreciation impact of sold assets was $0.4 million.

5. Intangible Assets, net

At December 31, 2024 and 2023, our intangible assets were as follows (in thousands):

	December 31, 2024		
Asset Description	Cost	Accumulated Amortization	Net
Amortizable intangible assets:			
Agreements with franchisees	$ 5,184	$ (902)	$ 4,282
Carrying value of brand names (finite lives)	200	(128)	72
Total amortizable intangible assets	5,384	(1,030)	4,354
Carrying value of brand names (indefinite lives)	16,530	-	16,530
Intangible assets, net	$ 21,914	$ (1,030)	$ 20,884

	December 31, 2023		
Asset Description	Cost	Accumulated Amortization	Net
Amortizable intangible assets:			
Agreements with franchisees	$ 5,184	$ (666)	$ 4,518
Carrying value of brand names (finite lives)	200	(94)	106
Total amortizable intangible assets	5,384	(760)	4,624
Carrying value of brand names (indefinite lives)	16,529	-	16,529
Intangible assets, net	$ 21,913	$ (760)	$ 21,153

Amortization of our finite lived intangible assets was $0.3 million for the years ended December 31, 2024, 2023 and 2022. The weighted average amortization period for intangibles was 18, 19 and 16 years for the years ended December 31, 2024, 2023 and 2022, respectively.

As of December 31, 2024, estimated future amortization expenses related to acquired agreements with franchisees and finite-lived brand names is as follows (in thousands):

	Agreements With Franchisees	Brand Names
2025	235	33
2026	235	33
2027	232	6
2028	231	-
2029	231	-
Thereafter	3,118	-
	$ 4,282	$ 72

6. Revenue from Contracts with Customers

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers (in thousands):

	December 31,		
	2024	2023	Balance Sheet Classification
Accounts receivable	$ 9,258	$ 7,259	Accounts Receivable, net
Key money	27,080	10,066	Other long term assets, Prepaid Expenses and other current assets
Capitalized contract costs	4,912	2,460	Other long term assets, Prepaid Expenses and other current assets
Contract liabilities	7,128	4,944	Other long term liabilities, Accrued Expenses and other current liabilities

7. Operating Lease Commitments

Lease information (as lessee): During part of 2023 and as of December 31, 2022, we leased office space in Denver, CO under an operating lease that expired in November 2023. Additionally, we were the lessee on ground leases for two hotels. subject to operating leases with unrelated third parties in Seattle, WA and Kalispell, MT, respectively, that expired in February 2024 and expires in 2028, respectively. These leases generally contain fixed contractual rent changes and certain of the leases provide for operating expense reimbursements. We recognize rental expense on leases that contain fixed contractual rent changes on a straight line basis over the terms of the respective leases. We recorded rental expenses, excluding amounts paid for real estate taxes or other building operations, as follows (in thousands):

	Year Ended December 31,		
	2024	2023	2022
Office leases[1]	$ -	$ (402)	$ (180)
Hotel leases	564	582	590
Total	$ 564	$ 180	$ 410

(1) Rental expense for our Denver office leases was reduced by $0.0 million, $0.9 million and $0.7 million of income received under subleases for the years ended December 31, 2024, 2023 and 2022.

Rental expenses for our office space leases and our hotel leases are included in general, administrative and other expenses in our consolidated statements of comprehensive income (loss).

At December 31, 2024, our right of use assets and related lease liabilities totaled $1.7 million and $1.8 million, which represented our future obligations under our operating leases that are determined to be material and are included in operating lease right of use assets and operating lease liabilities, respectively, in our consolidated balance sheets. As of December 31, 2024, the future maturities of lease liabilities are as indicated below (in thousands):

	Total
2025	$ 581
2026	593
2027	605
2028	206
Thereafter	-
Total lease payments	1,985
Less: imputed interest	(186)
Present value of lease liabilities	$ 1,799

(1) For the years ended December 31, 2024 and 2023, the weighted average discount rate used to calculate the lease liability and the weighted average remaining term for our leases was 5.8% and 3.33 years and 5.8% and 4.29 years (range of 2 months to 4.33 years), respectively

8. Commitments and Contingencies

In 2022, a settlement agreement was executed with a dissenting former shareholder of RLH and the Company made a settlement payment of $1.6 million and was included in general, administrative and other expense in the consolidated statements of comprehensive income (loss). There were no settlements during the years ended December 31, 2024 and 2023.

At any given time, we are subject to additional claims and actions incidental to the operation of our business. While the outcome of these proceedings cannot be predicted, it is the opinion of management that none of such proceedings, individually or in the aggregate, will have a material adverse effect on our business, financial condition, cash flows or results of operations.

9. Income Taxes

The Company is subject to federal and certain state income taxes on its taxable income and/or gross receipts notwithstanding its historical net operating losses. The company is subject to audit for tax years ending December 31, 2024, December 31, 2023 and December 31, 2022.

We had income (loss) before income taxes as follows (in thousands):

	December 31,		
	2024	2023	2022
Total	$ (2,776)	$ 1,581	$ (2,749)

For the periods during 2024, 2023, and 2022, our provisions for U.S., state, and foreign income taxes, if any, are included below (in thousands).

	December 31,		
	2024	2023	2022
Current:			
State (expense) benefit	(137)	(104)	(437)
Income tax (expense) benefit	$ (137)	$ (104)	$ (437)

The components of our deferred tax assets and deferred tax liabilities at December 31, 2024 and 2023 are as follows:

	December 31,			
	2024		2023	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	$ 1,823	$ -	$ 2,042	$ -
Intangible assets	360	1,936	953	1,922
Goodwill	937	-	1,180	-
Accrued bonus	729	-	609	-
Interest expense limitation section 163(j)	345	-	345	-
Allowance for credit losses	161	-	547	-
Tax credit carryforwards	3,723	-	4,244	-
Federal and state net operating losses	14,991	-	12,201	-
Leasing liabilities	1,066	-	1,066	-
Leasing assets	-	1,009	-	1,009
Other	169	1,578	155	1,149
Valuation allowance	(20,016)	-	(19,497)	-
Total	$ 4,288	$ 4,523	$ 3,365	$ 3,600

At December 31, 2024 and 2023, we had federal and state net operating loss carryforwards of $58.8 million and $47.8 million, respectively. The federal operating loss carryforwards can be carried forward indefinitely but are subject to annual deduction limitations under the 2017 Tax Cuts and Jobs Act. The state net operating loss carryforwards started to expire beginning in 2021; the tax credit carryforwards began to expire in 2024.

We assess the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. As of December 31, 2024, the total valuation allowance of $20.0 million was recorded to reduce deferred tax assets to an amount that is more likely than not to be realized. Should we determine we will be able to realize additional deferred tax assets, the tax benefits relating to any reversal of the valuation allowance will be accounted for as a reduction of income tax expense.

For the years ended December 31, 2024, 2023 and 2022, our provision for income taxes is $0.1 million, $0.1 million, and $0.4 million respectively, and the related effective tax rate is (4.94)%, 6.57%, and (15.9)%, respectively.

10. Fair Value

Applicable accounting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). We measure our assets and liabilities using inputs from the Level 1, Level 2 and Level 3 of the fair value hierarchy.

Cash, accounts receivable, and accounts payable carrying values on our consolidated balance sheets approximate fair value due to the short-term nature of these items.

We estimate the fair value of our notes receivable using expected future receipts discounted at risk-adjusted rates, both of which are Level 3 inputs. Estimated fair values of financial instruments (in thousands) are shown in the table below:

	December 31, 2024		December 31, 2023	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets:				
Notes receivable	$ 40	$ 40	$ 42	$ 42

11. Dispositions

In 2023, the Company disposed the hotel located in Baltimore, MD. Sonesta received cash of $8,589 from the buyer, of which, $550 was received by the Company. The remainder of cash was deposited by Sonesta into the central concentration account and applied to the Due from related parties balance. The disposition resulted in a gain of $160 for the Company which is recognized within “Gain on sale of assets” within our Consolidated Statements of Comprehensive Income (Loss).

On February 29, 2024, the lease for a hotel the Company managed and owned operations for in Seattle, WA expired and was not renewed. All capital improvements that were not fully depreciated generated a loss of $153 which is recognized within “Gain (loss) on sale of assets” within the Consolidated Statements of Comprehensive Income (Loss).

12. Subsequent Events

The Company has evaluated subsequent events through March 24, 2025, which is the date these statements were available to be issued. There were no other significant subsequent events identified that required disclosures in these financial statements.

EXHIBIT C

GUARANTY OF PERFORMANCE

GUARANTY OF PERFORMANCE

For value received, **RED LION HOTELS CORPORATION**, a Maryland corporation located at **400 CENTRE STREET, NEWTON, MASSACHUSETTS 02458** (the "Guarantor"), absolutely and unconditionally guarantees the performance by **SONESTA RL HOTELS FRANCHISING INC.**, located at **400 CENTRE STREET, NEWTON, MASSACHUSETTS 02458** (the "Franchisor"), of all of the obligations of Franchisor in accordance with the terms and conditions of the franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2025 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees as amended, modified or extended from time to time. This guarantee continues in full force and effect until all obligations of the Franchisor under its franchise registrations and Franchise Agreements are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive notice of Franchisor's default. This guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guarantee at Newton, Massachusetts on the 31 day of March, 2025.

GUARANTOR:

RED LION HOTELS CORPORATION

By: Keith Pierce

Name: Keith Pierce

Title: Executive Vice President, President of Franchising

EXHIBIT D

FRANCHISE AGREEMENT

SONESTA RL HOTELS FRANCHISING INC.

FRANCHISE AGREEMENT

MOD A SONESTA COLLECTION

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FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is entered into and made effective as of the date of our signature on the signature page (the "**Effective Date**") by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with a principal business address at 400 Centre Street, Newton, ~~MA~~Massachusetts 02458 ("**we**," "**us**," or "**our**"), and _____ _____, a(n) _____, whose principal business address is _____ ("**you**"), and pertains to the hotel (your "**Hotel**") located (or to be located) at _____ (the "**Premises**").

RECITALS

A. We and our affiliates have developed a system for the operation of a collection of soft-brand upscale hotels offering high quality hotel services, and related products and services authorized by us from time to time, which hotels will be operated under independent approved trade names and the Marks (the "**Hotel Trade Name**") as a MOD A Sonesta Collection[SM] hotel (the "**Brand Hotels**").

B. We and our affiliates use, promote, and license others to use and promote certain trademarks, service marks, and other commercial symbols in operating Brand Hotels, including the MOD A Sonesta Collection[SM] service mark, and may create, use, and license other trademarks, service marks, and commercial symbols to identify Brand Hotels and the products and services they offer (collectively, the "**Marks**").

C. We grant to persons who we determine satisfactorily meet our qualifications, and who confirm their willingness to undertake the investment and effort, a franchise to own and operate a Brand Hotel offering the products and services we authorize and using our and our affiliates' distinct business formats, methods, procedures, signs, designs, layouts, standards, specifications, and Marks (the "**Franchise System**"), which we may improve, further develop, or modify.

D. We and our affiliates own, operate and license others to own and operate hotels under various service marks, trademarks and trade names, including, without limitation, the Marks, Classico ~~A Sonesta~~ Collection By Sonesta, The James, Sonesta Hotels and Resorts, Royal Sonesta, Hotel RL, Sonesta ES Suites, Sonesta Simply Suites, Sonesta Select Hotels, Sonesta Essential Hotels, Red Lion Hotel, Red Lion Inn & Suites, RL, GuestHouse, Americas Best Value Inn, Knights Inn, Signature Inn, Signature, Canadas Best Value Inn, Country Hearth, Jameson Inn, Lexington, America's Best Inn, and any other trademarks, service marks, and trade names that we or our affiliates may hereafter develop, adopt or acquire from time to time (collectively referred to as the "**Network Marks**"). Our affiliate also has a master franchise agreement with a franchisee that operates hotels located outside the United States under the trademark Sonesta Posadas del Inca, which is also considered a Network Mark. The hotels that we, our affiliates, and our and their franchisees or licensees operate under the Network Marks are collectively referred to as "**Network Hotels.**"

E. You have applied for a franchise to own and operate a Brand Hotel and have provided us with certain information in support of your application. We are willing to grant you the franchise on the terms and conditions contained in this Agreement.

AGREEMENT

In consideration of and in reliance of the foregoing Recitals, and upon the terms and conditions set forth herein, and for other valuable consideration, the delivery, receipt, and sufficiency of which are hereby acknowledged by each party, and in accordance with all terms, conditions, covenants, agreements, representations, and warranties contained in this Agreement, you and we agree as follows:

1. **GRANT OF FRANCHISE; NO EXCLUSIVITY; RESERVATION OF RIGHTS.**

A. **Grant of Franchise.** Subject to this Agreement's terms, we grant you a limited and non-exclusive franchise (the "**Franchise**") to establish and operate ~~a hotel (~~your ~~"~~Hotel~~")~~ under the Franchise System identified by the Hotel Trade Name set forth on Exhibit A and at the ~~premises identified on Exhibit A (the "~~Premises~~")~~, and to use the Franchise System and the Brand Standards (as defined in Section 2.A) in its operation, for a term beginning on the Opening Date (as defined in Section 2.E) and expiring 20 years from the Opening Date, unless sooner terminated under Section 14 of this Agreement (the "**Term**").

You agree to, at all times, faithfully, honestly, and diligently perform your obligations under this Agreement and to use your best efforts to promote your Hotel. You agree to use the Premises only for your Hotel, and, once it opens for business, to continuously operate your Hotel in accordance with this Agreement for the duration of the Term. You agree not to conduct the business of your Hotel at any location other than the Premises. You may not promote or sell any products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system, except as expressly set forth herein or as set forth in the Brand Manual, as hereinafter defined.

B. **No Exclusivity and Reservation of Rights.** We do not grant any, and you have no, exclusive rights or territorial protection around your Hotel. We (and our affiliates) retain the right at all times during and after the Term to engage in any and all activities that we (and they) deem appropriate and that have not been expressly granted to you in this Agreement, wherever and whenever we (and they) desire, and whether or not such activities compete with your Hotel, including the right, anywhere in the world, to do any of the following:

(1) establish and operate, and allow others to establish and operate Brand Hotels at any location on such terms and conditions we deem appropriate;

(2) establish, operate, and license others to establish and operate, anywhere in the world other than the Premises, Network Hotels and other businesses that offer products and services which are identical or similar to the products and services offered by Brand Hotels under any trade names, trademarks, service marks and commercial symbols;

(3) purchase, merge, acquire, be acquired or affiliate with one or more existing franchise networks, chains or any other businesses, including Competitive Businesses (defined below), regardless of the location of such chains' or businesses' facilities, and to operate, franchise or license those businesses under the Marks or any other marks following the purchase, merger, acquisition or affiliation, regardless of the location of those businesses (or the franchisees or licensees of those businesses);

(4) sell our ownership interests, our assets, the Marks and/or the Franchise System to a third party; become publicly traded; engage in a private placement of some of or all our securities; merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and

(5) engage in all other activities not expressly prohibited by this Agreement.

C. **The Exercise of Our Judgment.** We have the right to further develop and change the Brand Standards in any manner at any time either on a temporary or a permanent basis, in our sole discretion. Whenever we have reserved in this Agreement a right to take or to withhold an action, to grant or decline to grant you a right to take or withhold an action, or to provide or withhold approval or consent, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and on our judgment of what is in our or the Brand Hotels' best interests at the time our decision is made.

D. **Representations and Warranties.** You warrant, represent, and agree that:

(1) If you are at any time a corporation, limited liability company, or partnership (each, an "**Entity**"), you will have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and are and will, throughout the Term, remain validly existing and in good standing under the laws of the state of your incorporation or formation and the laws of the state in which your Hotel is located;

(2) If you are an Entity, your organizational documents, operating agreement, or partnership agreement, as applicable, will recite that this Agreement restricts the issuance and transfer of any ownership interests in you, and all certificates and other documents representing ownership interests in you will bear a legend referring to this Agreement's restrictions;

(3) If you are an Entity, Exhibit A to this Agreement completely and accurately describes all your owners and their interests in you as of the Effective Date;

(4) If you are an Entity, each of your direct and indirect owners, with a twenty percent (20%) or more ownership interest in you, during the Term will execute a guaranty in the form we prescribe undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between you and us. Our current form of guaranty is attached hereto as Exhibit C. Subject to our rights and your obligations under Section 12, you and your owners agree to sign and deliver to us revised Exhibit A to reflect any changes in the information that Exhibit A now contains;

(5) If you are an Entity, you must identify on Exhibit A one of your owners who is a natural person with at least 25% ownership interest and voting power in you, and who will have the authority of a chief executive officer (the "**Principal**"). You agree to deliver to us a revised Exhibit A to accurately identify the Principal should the identity of that person change during the Term as permitted hereunder;

(6) If you are an Entity, the Principal and the Management Company ~~(~~, as defined in Section 8.D~~)~~, if applicable with respect to the Management Company, are authorized, on your behalf, to deal with us in respect of all matters whatsoever which may arise in respect of this Agreement. Any decision made by the Principal or the Management Company will be final and binding upon you, and we will be entitled to rely solely upon the decision of the Principal or Management Company in any such dealings without the necessity of any discussions with any other party named in this Agreement, and we will not be held liable for any actions taken by you, based upon any decision or actions of the Principal or Management Company; and

(7) You (or any legal entity that you own, or if you are an Entity, any of your owners) are not party to any agreement with any third-party, which grants you (or any legal entity that you own, or if you are an Entity, any of your owners) the right to operate a business at the Premises of your Hotel under a brand or trademark or service mark other than the Marks, except for any lease that you may have previously entered into to obtain the rights to occupy the Premises, and your execution, delivery, and performance of your obligations under this Agreement and each of the other documents and instruments required hereby do not and will not violate or result in a breach or default under any applicable law or any agreement to which you (or any legal entity that you own, or if you are an Entity, any of your owners) are a party or by which you (or any legal entity that you own, or if you are an Entity, any of your owners) are bound or that requires the approval or consent of any other person.

2. PREMISES, CONVERSION OR CONSTRUCTION OBLIGATIONS AND OPENING OF YOUR HOTEL.

A. **Generally.** You may operate your Hotel only at the Premises. You have selected the site for the Premises. You must cause your Hotel to meet the mandatory specifications, standards, operating

procedures, and rules (the "**Brand Standards**") that we prescribe for equipping, furnishing, supplying, and maintaining Brand Hotels in accordance with this Agreement.

Our acceptance of the Premises indicates only that we believe that the site meets our current acceptable criteria, which have been established for our own purposes. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic or other factors included in or excluded from our criteria could change, even after our approval of the Premises or, if applicable, your conversion of your existing hotel to a Brand Hotel, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if a site and premises we approve fail to meet your expectations. You acknowledge and agree that your acceptance of the Franchise at the Premises is based on your own independent investigation of the site's suitability for a Brand Hotel.

B. **Conversion of Your Hotel.** If you are converting an existing hotel into a Brand Hotel, you will execute the Conversion Rider, attached hereto as Exhibit D-1, simultaneously with this Agreement.

C. **New Construction.** If you are constructing a new Brand Hotel, you will execute the New Construction Rider, attached hereto as Exhibit D-2, simultaneously with this Agreement.

D. **Technology Standards & Computer System.** You will purchase or license, install, utilize, and maintain at your Hotel, at your sole cost, and at then-current pricing or fees as provided by us or the applicable third-party provider, all software, hardware, services, and equipment that we or our affiliates license, sell to, or require you to purchase or lease in operation of your Hotel (the "**Computer System**"). "**Computer System**" shall include any data processing systems specified or required by us or our affiliates for use by Brand Hotels, including, but not limited to, guest check-in, reservation (the "**Central Reservation System**"), property management (the "**Property Management System**"), revenue management (the "**Revenue Management System**") or other statistical reporting systems. You will pay a one-time reservation implementation fee ranging from $650 to $1,745 upon your Hotel becoming active in the Central Reservation System which is charged by our third-party Central Reservation System provider but invoiced and collected by us. You will be responsible for all costs incurred in fulfilling your obligations hereunder, including, without limitation, costs and fees for data circuit charges, and supplies used in the operation and maintenance of the Computer System. You also agree to maintain all specified points of high-speed Internet connection. You agree to make Wi-Fi and an in-room entertainment system available to your Hotel's guests, free of charge to them and to install, subject to our specifications, a branded internet landing page for your guests' access to Wi-Fi. We may modify specifications for, and components of, the Computer System. Our modification of specifications for the Computer System, and other technological developments or events, might require you to purchase, lease, or license new or modified computer hardware or software and to obtain service and support for the Computer System. You agree to incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service or support, regardless of whether those costs are fully amortizable over this Agreement's remaining term. We have no obligation to reimburse you for any Computer System costs. Within 60 days after we advise you of changes to the Computer System, you agree to implement such changes, and if necessary, procure any additional equipment, components, hardware, or software we designate. You must at all times during the Term ensure that your Computer System, as modified, meets our Brand Standards and functions properly. You acknowledge and agree that we are not responsible for, and you will hold us harmless with respect to, any planned or unplanned downtime, interruption, unavailability, or failure of any third-party software, hardware, services, and equipment.

You agree that we or our affiliates may condition any license of proprietary software to you, or your use of technology that we or our affiliates develop or maintain, on your signing a software license agreement or similar document that we or our affiliates prescribe to regulate your use of, and our and your respective rights and responsibilities with respect to, the software or technology. We and our affiliates may charge you a monthly or other fee for any proprietary software or technology that we or our affiliates license to you and for other maintenance and support services that we or our affiliates provide during the Term.

Although you agree to buy, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for: (1) the acquisition, operation, maintenance, and upgrading of the Computer System; (2) the manner in which your Computer System interfaces at our specified levels of connection speed with our and any third party's computer system; and (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

You will not maintain more than one Property Management System or Revenue Management System in connection with the operation of your Hotel. All OTAs (as defined in Section 4.G) and other distribution channels must be connected to our Central Reservation System, or, if no connectivity is available for a particular distribution channel, through your authorized Property Management System, unless directed or approved by us in advance in writing.

E. **Business Opening.** You agree not to open your Hotel until:

(1) we notify you in writing that your Hotel meets our Brand Standards and specifications;

(2) you have obtained all applicable licenses and permits;

(3) you have complied with our training and brand introduction requirements (unless we have agreed in writing to allow you to complete them after the Opening Date);

(4) you hire a staff to operate your Hotel, including a General Manager (defined in Section 8.D) who must meet our then-current minimum qualifications, and train such staff to protect the Marks in compliance with the Brand Standards;

(5) you have complied with all your development obligations specified in Exhibit D-1 or Exhibit D-2, as applicable, and we notify you in writing that your Renovation Work or Construction Work, as applicable, has been completed to our satisfaction;

(6) you obtain and install the Computer System to our standards and specifications;

(7) the Initial Fee has been paid in full and you pay other amounts then due to us and our affiliates; and

(8) you provide us with all requested documentation, including but not limited to certificates for all required insurance policies.

You agree to open your Hotel for business by the date set forth on Exhibit A (the "**Opening Date**"), unless we otherwise agree in writing. If you are acquiring an existing Brand Hotel, the Opening Date will be the date you close on the acquisition of the existing Brand Hotel. If you fail to open your Hotel under the Hotel Trade Name by the Opening Date, you will pay to us, as damages for failure to open on time and not as a penalty, our then-current Opening Date rescheduling fee (currently up to $5,000).

3. **FEES.**

A. **Initial Fee.** You must pay us at the time of your execution of this Agreement a non-refundable initial fee in the amount of $75,000 or $500 per Guest Room (defined below), whichever is greater (the "**Initial Fee**"). The Initial Fee must be paid to us by cashier's check, bank certified check, wire transfer, ACH, or credit card.

"**Guest Room**" means each rentable unit in your Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key. Adjacent Guest Rooms with connecting doors that can be rented as separate units are considered separate Guest Rooms. The initial number of approved Guest Rooms is identified on Exhibit A.

B. **Onboarding Administration Fee.** You will pay us an onboarding administration fee of $5,000 (or, if you are acquiring an existing Brand Hotel, a reduced fee of $2,500) for onboarding services we provide to you in connection with the opening of your Hotel as a Brand Hotel. This fee is non-refundable and is due during or immediately after the onboarding process**.**

C. **Royalty Fee.** Beginning on the earlier of (a) the Opening Date, or (b) the date you begin operating your Hotel under the Hotel Trade Name, you will pay to us via ACH in U.S. dollars on or before the twentieth (20th) day of each month, including the final month of the Term, a monthly royalty fee in the amount of 5% of Gross Rooms Revenue, as defined below, accruing during the preceding calendar month (the "**Royalty**"). You will pay us the Royalty in the manner provided below (or as the Brand Manual otherwise prescribes).

D. **Definition of "Gross Rooms Revenue."** As used in this Agreement, the term "**Gross Rooms Revenue**" means all revenue attributable to or payable for rental of Guest Rooms at your Hotel, whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions, whether or not collected, including guaranteed no-show revenue, revenue calculated on reservations cancelled outside of your Hotel's cancellation policy or outside of the reservation channel in which it was made, any proceeds actually received from any business interruption or similar insurance applicable to the loss of revenue due to the non-availability of Guest Rooms, and any miscellaneous fees charged to all guests regardless of the accounting treatment of such fees, net of chargebacks from credit card issuers. Excluded from Gross Rooms Revenue are separate charges to guests for food and beverage (including room service); vending machine receipts; actual telephone charges for calls made from a guest room; key forfeitures and entertainment (including Internet fees and commissions); allowances for any Guest Room rebates and overcharges; gratuities to employees or service charges levied in lieu of such gratuities, which are payable to employees; and applicable federal, state and local sales, occupancy and use taxes collected from guests.

E. **Brand Promotion Fee.** You agree to pay, in the same manner as the Royalty, a brand promotion fee (the "**Brand Promotion Fee**"). Currently, the Brand Promotion Fee is 2.5% of your Hotel's Gross Rooms Revenue. However, we have the right, at any time and on notice to you, to increase the Brand Promotion Fee, provided that the Brand Promotion Fee shall not exceed 3.5% of your Hotel's Gross Rooms Revenue.

F. **Third-Party Fees.** We periodically may require you to pay us fees due from you to third parties, which we will collect on behalf of such third parties and remit to such third parties.

G. **Property Improvement Plans Fees.** In connection with our inspections of your Hotel and issuance of any PIP, and if applicable, reinspection following a failed PIP inspection, you will pay us our then current PIP fee (currently up to $5,000, subject to Fee Adjustments (as defined in Schedule 3.H)).

H. **Booking Fees and Commissions; Other Fees.** You are responsible for the payment of all booking fees, reservation fees, and commissions incurred in connection with the operation of your Hotel, whether payable directly to a third-party or advanced by us to such third-party and billed to you. In addition, beginning on the Opening Date, you will pay to us for each month, or as otherwise billed, other fees resulting from the operation of your Hotel and the programs in which you are or will be required to participate as further described in the Brand Manual (such as technology fees and brand conference fees), which may change from time to time. A summary of the currently applicable booking fees, commissions, and other fees is set forth in Schedule 3.H. Such fees are subject to change.

You will pay to us such other fees designated in this Agreement, in the Brand Manual, or otherwise provided to you in writing, which may be made available to you electronically through the Franchise System's online franchisee portal. We have the right to rename certain programs, add or remove programs, and modify fees for various elements of the Franchise System and other services as described in the Brand Manual, this Agreement or otherwise provided to you in writing, and upon 30 days' notice to you. If you request that we provide extraordinary services, such as amendments you request, amendments necessitated by your action or inaction, a lender comfort letter, or other documentation outside the ordinary course of business, you must pay us an administrative fee for each such letter or document (currently $2,000 per lender comfort letter and up to $5,000 for other documentation, subject to Fee Adjustments), plus any additional costs we may incur in preparing or reviewing such documentation, including reasonable attorneys' fees.

I. **Interest on Late Payments.** If any amount due from you hereunder is not paid when due, such non-payment will constitute a material breach of this Agreement. In addition, we may assess a late payment charge of 1.5% per month or the maximum amount permitted by applicable law, whichever is less, on the unpaid amount beginning on the first day following the due date. Should we engage legal counsel or other professionals in connection with any failure by you to pay when due any monies owed under this Agreement or submit when due any reports, information or supporting records, or in connection with any failure otherwise to comply with this Agreement, you will reimburse us on demand for all the above-listed costs and expenses we incur, whether or not a legal action or other proceeding is initiated. You acknowledge that this Section 3.I is not our agreement to accept any payments after they are due or our commitment to extend credit to, or otherwise finance your operation of, your Hotel.

J. **Room Addition Fee.** If you add or construct additional Guest Rooms at your Hotel at any time after you sign this Agreement, you will pay us a nonrefundable fee equal to the greater of $500 per additional Guest Room or $5,000 (the "**Room Addition Fee**"). You must pay the Room Addition Fee to us when you submit an application for our approval to add any Guest Rooms to your Hotel, and you must submit that application to us before you enter into any agreement to add any Guest Rooms to your Hotel. As a condition to our granting approval of such application, we may require you to modernize, rehabilitate or upgrade your Hotel, subject to Section 8.G of this Agreement.

K. **Application of Payments.** Despite any designation you make, we may apply any of your payments to any of your past due indebtedness to us. We may set off any amounts you or your owners owe us or our affiliates against any amounts we or our affiliates owe you or your owners.

L. **Method of Payment.** You hereby authorize us to debit your checking, savings, or other account automatically for the Royalty, Brand Promotion Fee, and other amounts due to us or our affiliates (the "**EFT Authorization**"). You agree to sign and deliver to us any documents we require for such EFT Authorization. Such EFT Authorization shall remain in full force and effect during the Term. We will debit the account you designate for these amounts on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account to cover our withdrawals. If we permit you to pay by any other means, we may require payment of our then-current alternative payment fee. The parties acknowledge that due to technology developments and changes different payment methods may become available during the Term. We may from time to time require that you, in lieu of direct debit withdrawals, set up another form of payment for any fees and payments due under this Agreement. If so required, you will comply within a reasonable time.

If you fail to report the Gross Rooms Revenue, in addition to any other rights hereunder, we may debit your account for one hundred ten percent (110%) of the average of the last three (3) Royalty and Brand Promotion Fee payments that we debited (or during the Term, if you have operated your Hotel for less than three (3) months). If the amounts that we debit from your account are less than the amounts you actually owe us (once we have determined the true and correct Gross Rooms Revenue), we will debit your account for the balance on the day we specify. If the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your account during the following month.

We may require you to pay any amounts due under this Agreement or otherwise by means other than automatic debit (*e.g.*, by check or wire transfer) whenever we deem appropriate, and you agree to comply with our payment instructions. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars or such other currency as we may designate.

M. **Change in Law.** If a law is enacted during the Term which prohibits or restricts in any way your ability to pay and our ability to collect Royalty or other amounts based on Gross Rooms Revenue, or if any gross receipts, sales, use, excise or any similar tax that is based upon gross income or revenues is imposed upon us or our affiliates for the receipt of any payments you are required to make to us or our affiliates under this Agreement, then we reserve the right to modify your payment obligations to us under this Agreement and revise the applicable provisions hereunder in order to provide the same basic economic effect to both us and you as currently provided in this Agreement. In such event, you agree to execute the appropriate document(s) in the form we prescribe to give effect to or take account of

such revisions. If we determine in good faith that the effect of any law enacted hereafter will be materially detrimental to our interests, we may terminate this Agreement by delivering written notice thereof to you.

N. **Non-Compliance Charge.** In addition to our other rights and remedies, we may charge you a non-compliance charge in an amount equal to one percent (1%) of Gross Rooms Revenue per month for each month you are in non-compliance of any term of this Agreement, including failure to pay (or to have adequate amounts available for electronic transfer of) amounts you or your Affiliates owe us or our affiliates or failure to timely provide required reports and financial statements. We may change or eliminate this charge in our sole discretion.

4. TRAINING AND ASSISTANCE.

A. **Training.** Prior to opening your Hotel, or within ninety (90) days of activating your Hotel in the Franchise System, we will provide initial brand training for one of your Hotel Representative(s), which person must complete the initial brand training to our satisfaction. "**Hotel Representative**" refers to your General Manager or other representative having equivalent authority and responsibilities (such as your owner). We will conduct initial brand training virtually, or at a location we designate, as we may determine in our discretion. The initial brand training typically will consist of up to four days of training (although the specific number of days depends on our opinion of your Hotel Representative's experience and needs). If space permits, we may allow you to send additional attendee(s) to the initial brand training. If we determine that your Hotel Representative cannot complete initial brand training to our satisfaction, we may terminate this Agreement. You will pay our initial brand training fee (currently $5,000). You also will be responsible for our personnel's travel and living expenses, and your employee's travel and living expenses, wages, and workers' compensation insurance while attending training, if applicable.

The initial brand training program will cover material aspects of operating a Brand Hotel including (a) brand culture, (b) the loyalty program and certain related software, and (c) brand programs, marketing, and sales.

We may require that your Hotel Representative complete our required training within a designated time period, prior to or after your Opening Date. All training must be completed to our satisfaction and verification of successful completion must be presented upon our request. Additionally, you must ensure at all times that your personnel is adequately trained, and you agree to provide such evidence and verification of your personnels' training as we may request from time to time.

You (or your Principal) may request additional training at the end of the initial brand training program, to be provided at our then-current fees if your Hotel Representative does not feel sufficiently trained in the operation of a Brand Hotel. We and you will jointly determine the duration of this additional training. However, if your Hotel Representative completes our initial brand training program to our satisfaction and you have not expressly informed us in writing at the end of that program that your Hotel Representative does not feel sufficiently trained in the operation of a Brand Hotel, then your Hotel Representative will be deemed to have been trained sufficiently to operate a Brand Hotel.

We may require your Hotel Representative(s) and you (or your Principal) to attend and complete to our satisfaction various training courses that we periodically choose to provide at the times and locations that we designate, including courses and programs provided by third parties we designate. You will pay our then-current ongoing training fees for such training (currently (i) $2,000 per day, plus our personnel's travel costs and expenses for in-person, on-site training, and (ii) $200 per hour of training for virtual training, subject to Fee Adjustments). We will not require attendance at more than two such courses, or for more than a total of three business days, during a calendar year. Besides attending these courses, you agree to attend the Brand Conference (as defined in Section 4.B) at a location we designate. All training and the Brand Conference may be held virtually, in our sole discretion. Attendance will not be required for more than five days during any calendar year. You agree to pay all costs to attend, including the attendance fees we then charge.

If at any time during the Term your trained Hotel Representative is no longer employed by you, a new Hotel Representative must complete to our satisfaction our then current initial brand training program.

We may charge our then current training fee for training new Principals and Hotel Representatives. You also agree to pay all travel and living expenses which your Principal or Hotel Representative(s) incurs during all training courses and programs.

You acknowledge and agree that any specific ongoing training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time. We reserve the right to require any of your employees attending training to sign a confidentiality agreement pursuant to Section 6 hereof.

B. **Brand Conference.** We will convene a brand conference ("**Brand Conference**") no less frequently than every 24 months at the location of our choice, or virtually, as we determine in our discretion, at which Brand Hotel franchisees may network and participate in educational seminars. You (or one of your owners) and the General Manager must attend the Brand Conference. You must pay our then-current Brand Conference fee for each attendee. You will be solely responsible for your attendees' wages and expenses of travel, lodging, certain meals, and other out-of-pocket costs.

C. **General Guidance.** We may, in our discretion, advise you from time to time regarding the operation of your Hotel based on your reports or our inspections, with respect to:

(1) standards, specifications, and operating procedures and methods that Brand Hotels use;

(2) purchasing required and authorized furniture, fixtures, and equipment ("**FF&E**") and other products and services;

(3) advertising and marketing materials and programs;

(4) reservation services; and

(5) employee training.

We may also provide guidance via telephonic conversations or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then applicable fee, including our personnel's per diem charges and travel and living expenses.

D. **Loyalty Program.** We and our affiliates may administer and manage loyalty programs that will provide participating guests of your Hotel with certain rewards or benefits when staying at your Hotel. Such loyalty programs may apply specifically for Brand Hotels or to any or all Network Hotels. Currently, Brand Hotels participate in our loyalty program referred to as Sonesta Travel Pass. We and our affiliates may modify or discontinue any loyalty program at any time at our and their sole discretion. You must participate in and honor the terms of any and all loyalty, discount, or other promotional program applicable to Brand Hotels and pay all applicable fees or charges associated with such programs (including any fees assessed by us and our affiliates, room discounts given to guests, or rewards provided to guests, that are applicable to your Hotel) that we and our affiliates offer to the public on your behalf and any room rate quoted to any guest at the time the guest makes an advance reservation. You agree that you will take all action necessary to participate in any loyalty program, and that you will grant us and our affiliates all necessary rights in and to any photographs, video and/or other marketing materials that we or they may require to reasonably undertake such programs on behalf of your Hotel.

We charge a loyalty program fee for your participation in the Sonesta Travel Pass program in the amount of 4.5% of your Hotel's Qualified ~~Room~~ Revenue (defined below) from guests participating in the Sonesta Travel Pass program, payable at the same time and in the same manner as Royalty Fees. Company-owned and company-managed Brand Hotels may pay the loyalty program fee at a different rate, and not all franchised Network Hotels pay a uniform loyalty program fee. "**Qualified ~~Room~~ Revenue**" includes (a) Qualifying ~~Room~~ Rates (defined below), and (b) at our discretion, any other items charged to the loyalty program member~~'s room~~ not defined in subsection (a). "**Qualifying ~~Room~~ Rates**" include: (1)

non-discounted rates; (2) standard corporate rates; (3) leisure rates; (4) government rates; (5) corporate and negotiated rates; (6) conference and meeting rates; and (7) individual hotel contract rates.

E. **Professional Photography.** You must arrange a professional photography session at your Hotel prior to the Opening Date. Further, if at any time during the Term your Hotel undergoes significant renovations or you make improvements in accordance with a PIP that we issue to you, we may require you to hire a professional photographer, approved by us, to conduct an additional photography session for your Hotel. All photography sessions will be at your sole expense and will be paid to us, unless we direct you to pay the third-party vendor~~, unless~~ directed~~ly otherwise in accordance with Section 3.F of this Agreement.~~.

F. **Help Desks.** We will provide you with access to our IT and franchise services help desks, which support the owner's portal, support certain brand-authorized property management systems, and other Brand Hotel and Network Hotel assistance services. We periodically may modify the services provided by the help desks. Requests for certain support may incur a fee, the amount of which will be determined and agreed by you and us prior to initiation of such support.

G. **Third-Party Distribution Program.**

(1) We have entered into agreements with intermediaries for various distribution channels, pursuant to which such distribution channels and online travel agencies ("**OTAs**") (which may include Agoda | Priceline, Booking.com, Hotwire, Expedia, and other third party intermediaries providing travel products for sale electronically to travel agents, corporations, meeting planners, and consumers) will offer your hotel room inventory through their websites including, in some cases, rooms at loyalty program member rates (the "**Third-Party Distribution Program**"). You must participate in the Third-Party Distribution Program, under the terms and conditions we negotiate, including pricing terms, using only those channels that we designate for Brand Hotels. You must provide us with information we may request to facilitate your participation with the Third-Party Distribution Program or the Franchise System Website (as defined in Section 9.B). You are responsible for the payment of all reservation fees, including third-party booking fees, global distribution system ("**GDS**") fees, and fees associated with the central reservation office (call center) and Central Reservation System, in connection with stays booked at your Hotel through their websites. If at any time hotel guests pay for stays booked at your Hotel through those websites directly, we have the right (but not the obligation) to collect revenues paid to the OTAs on your behalf, and if collected remit the revenue to you less any amounts owed to us.

(2) You must connect to all third-parties distribution channels through our Central Reservation System, unless such third-party does not directly or indirectly offer interfaces to the Central Reservation System. You otherwise may not bypass our Central Reservation System by connecting such third-party distribution channel to your Property Management System or otherwise. You must maintain rates and inventory in the Central Reservation System on a rolling 12-month basis. If you fail to maintain rates and inventory on a rolling 12-month basis, you will be given seven (7) days' written notice to do so, after which, we will extend your rates on your behalf. Upon our first written notice to you for failing to maintain rates and inventory on a rolling 12-month basis, you must pay us a fee of $250 (subject to Fee Adjustments). For repeated occurrences requiring additional notice to you, we may charge you additional fees.

H. **Brand Manual.** During the Term, we will provide you with access to our brand manual for the operation of Brand Hotels (the "**Brand Manual**"), which may include one or more separate manuals as well as other written materials. The Brand Manual contains mandatory Brand Standards that we periodically prescribe for developing and operating Brand Hotels, information on suggested procedures, and your other obligations under this Agreement. We may modify the Brand Manual periodically to reflect changes in Brand Standards, including in the form of memoranda and newsletters. You agree to keep your copy of the Brand Manual current and in a secure location at your Hotel. If there is a discrepancy between our copy of the Brand Manual and yours, our copy of the Brand Manual controls. You agree that the Brand Manual's contents are confidential, that you will keep it in a secure location which will not be accessible to persons who are not authorized to review it, and that you will not disclose the Brand Manual to any person other than your employees who need to know its contents. You may not at any time copy,

duplicate, record, or otherwise reproduce any part of the Brand Manual. We may make some or all of the Brand Manual available through a restricted Website or extranet to which you will have access. If we do so, you agree to monitor and access the Website or extranet for any updates to the Brand Manual or Brand Standards. Any passwords or other digital identifications necessary to access the Brand Manual will be deemed to be part of Confidential Information (as defined in Section 6). For purposes of this Agreement, "**Website**" means an interactive electronic document contained in a network of computers linked by communications software, including the internet and world wide web home pages.

I. **Delegation of Performance.** You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether these designees are our agents or independent contractors with whom we have contracted to perform these obligations.

5. HOTEL TRADE NAME; MARKS; COPYRIGHTS.

A. **Hotel Trade Name.** Your Hotel will be identified by the Hotel Trade Name set forth on Exhibit A. We may change or discontinue the Hotel Trade Name at any time in our sole discretion. You may not change the Hotel Trade Name, or market or identify the Hotel under any name, trademark or service mark other than the Hotel Trade Name, without our prior written consent. You must obtain our prior written consent regarding any interior and exterior signage and marketing materials bearing the Marks. You acknowledge and agree that you are not acquiring the right to use any business names, copyrights, designs, distinguishing characteristics, domain names, emblems, insignia, logos, slogans, service marks, symbols, trademarks, trade dress, trade names or any other marks or characteristics owned by us or licensed to us that we do not specifically designate to be used in the Franchise System.

B. **Unaffiliated Mark.** That portion of the Hotel Trade Name other than "MOD A Sonesta Collection" is referred to herein as the "**Unaffiliated Mark**." You acknowledge and agree that we have no ownership of, right to or interest in the Unaffiliated Mark, provided, that, you further acknowledge and agree that you (and your owners) have no right of ownership, or license (other than as provided in this Agreement), to the "MOD A Sonesta Collection" portion of the Hotel Trade Name, and that any goodwill arising from your use of the Hotel Trade Name shall inure to our benefit and become our property (except as solely related to the Unaffiliated Mark). We make no representation regarding your use of the Unaffiliated Mark. Our obligations to you under this Agreement with respect to your use of the Marks and our indemnification of you in connection therewith, including, but not limited to Section 5.I., shall be expressly limited to the Marks, including without limitation, that we shall not be required to take any action under Section 5.I of this Agreement if a dispute arises from your use of the Unaffiliated Mark. You hereby grant us and our affiliates a license to use the Unaffiliated Mark during the Term. You represent and warrant to us that, as of the Effective Date, there are no claims or proceedings that would materially affect our or our affiliate's use of the Unaffiliated Mark. You hereby indemnify us, our affiliates, our successors and assigns, and the members, officers, directors, employees, agents, predecessors, successors and assigns of each such entity, and hold us and them harmless from all costs and expenses of defense, including reasonable attorneys' fees, of any claim of infringement or violation of any patent, trademark, service mark, copyright, or other intellectual property right owned or controlled by third parties based upon your and our and our affiliates' use of the Unaffiliated Mark.

C. **Ownership and Goodwill of Marks.** Your right to use the Marks is derived only from this Agreement and limited to your operating your Hotel according to this Agreement and all Brand Standards we prescribe during its term. Your or your owners' unauthorized use of the Marks is a breach of this Agreement and infringes our and our affiliates' rights in the Marks. You acknowledge and agree that your use of the Marks and any goodwill established by that use are exclusively for our and our affiliates' benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon you (other than the right to operate your Hotel under this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trademarks and service marks we authorize you to use. You may not at any time during or after the Term contest or assist any other person in contesting the validity of, or our and our affiliates' rights to, the Marks.

D. **Limitations on Your Use of Marks.** You agree to use the Hotel Trade Name as the sole identification of your Hotel, except that you agree to identify yourself as its independent owner in the manner we prescribe. You (or your owners) may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other

than logos we have licensed to you), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage, electronic address, or otherwise in connection with a Website (unless in connection with our approved Franchise System Website), (5) in any user name, screen name, domain name, homepage, electronic address, social media account, other online presence or presence on any electronic, virtual, or digital medium of any kind ("**Online Presence**"), (6) any business operated separate from your Hotel, including the name or identity of developments adjacent to or associated with your Hotel, or (7) in any other manner that we have not expressly authorized in writing. You may not use any Mark in advertising the transfer, sale, or other disposition of your Hotel or an ownership interest in you without our prior written consent. You agree to display the Marks associated with Brand Hotels prominently as we prescribe at your Hotel and on forms, advertising, supplies, products, stationery, and other materials we designate. You agree to give the notices of trademark and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

E. **Discontinuance of Use of Marks.** If it becomes advisable, in our opinion, at any time for us to require you to modify or discontinue using any Mark or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse you for your expenses of changing the exterior and interior signs, stationery, packaging, operating equipment and supplies, employee uniforms, brochures and other promotional material, or any other items used at or in connection with your Hotel, for any loss of revenue due to any modified or discontinued Mark, or for your expenses of promoting a modified or substitute trademark or service mark.

Our rights in this Section 5.E apply to any and all of the Marks (and any portion of any Mark) that we authorize you to use in this Agreement. We and our affiliates may exercise these rights at any time and for any reason, business or otherwise, that we and our affiliates think best. You acknowledge both our right to take this action and your obligation to comply with our directions.

F. **Copyrighted and Copyrightable Materials.** During the Term, we will authorize you to use certain copyrighted and copyrightable materials in connection with the operation of your Hotel, including the Brand Manual, trade dress and other materials (collectively, the "**Copyrighted Materials**"). As between you and us, we or our affiliates own the Copyrighted Materials and all benefits inherent in such ownership. We and our affiliates may further create, acquire, or obtain licenses for certain copyrights in various works of authorship used in connection with the operation of your Hotel, including all categories of works eligible for protection under the copyright laws of the United States, all of which will be deemed to be Copyrighted Materials under this Agreement. We intend that all works of authorship related to Brand Hotels and created in the future will be owned by us or our affiliates.

G. **Limitation on Your Use of Copyrighted Materials.** Your right to use the Copyrighted Materials is derived only from this Agreement and limited to your operating your Hotel according to this Agreement and all Brand Standards we prescribe during its term. You will ensure that all Copyrighted Materials used hereunder bear an appropriate copyright notice under the Universal Copyright Convention or other copyright laws we prescribe specifying that we or, as appropriate, our affiliate is the owner of the copyright. You acknowledge that this Agreement does not confer upon you any interest in the Copyrighted Materials, other than the right to use them in the operation of your Hotel in compliance with this Agreement. If we authorize you to prepare any adaptation, translation or work derived from the Copyrighted Materials, or if you prepare any Copyrighted Materials such as advertisements, posters or promotional materials, such adaptation, translation, derivative work, or copyrighted material is our property, and you assign all your right, title and interest therein to us. You will execute all documents, in recordable form, as we determine are necessary to reflect such ownership. You will not use any such adaptations, translations, derivative works, and copyrighted materials without our prior written approval.

H. **Notification of Infringements and Claims.** You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or Copyrighted Material, or of any person's claim of any rights in any Mark or Copyrighted Material, and not to communicate with any person other than us, our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We and our affiliates may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, U.S. Copyright Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark or Copyrighted Material. You agree to sign any documents and take any other reasonable action

that, in the opinion of our and our affiliates' attorneys, are necessary or advisable to protect and maintain our and our affiliates' interests in any litigation or U.S. Patent and Trademark Office, U.S. Copyright Office or other proceeding, or otherwise to protect and maintain our and our affiliates' interests in the Marks and Copyrighted Materials. We will reimburse you for your reasonable costs of taking any action that we or our affiliates have asked you to take.

I. **Indemnification for Use of Marks.** We agree to reimburse you for all damages and reasonable expenses that you incur in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement if you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we and our affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

6. CONFIDENTIAL INFORMATION.

You and your owners and personnel may from time to time be provided and/or have access to certain confidential information, some of which constitutes trade secrets under applicable law (the "**Confidential Information**"), relating to developing and operating Brand Hotels, whether or not marked confidential, including (without limitation):

(1) site selection criteria;

(2) training and operations materials and manuals, including the Brand Manual;

(3) the Brand Standards and other methods, formats, specifications, standards, systems, procedures, techniques, sales and marketing techniques, knowledge, and experience used in developing, promoting, and operating Brand Hotels;

(4) market research, promotional, marketing and advertising programs for Brand Hotels;

(5) knowledge of specifications for, and suppliers of FF&E, products, and supplies;

(6) any Computer System, computer software, or similar technology which is proprietary to us or our affiliates, including digital passwords and identifications and any source code of, and data, reports, and other printed materials generated by, the software or similar technology;

(7) knowledge of the operating results and financial performance of Brand Hotels, other than your Hotel; and

(8) customer data.

All Confidential Information furnished to you by us or on our behalf, whether orally or by means of written material (i) shall be deemed proprietary, (ii) shall be held by you in strict confidence, (iii) shall not be copied, disclosed or revealed to or shared with any other person except to your employees or contractors who have a need to know such Confidential Information for purposes of this Agreement and who are under a duty of confidentiality no less restrictive than your obligations hereunder, or to individuals or entities specifically authorized by us in advance, and (iv) shall not be used in connection with any other business or capacity. You will not acquire any interest in any of our Confidential Information other than the right to use it as we specify in operating your Hotel during the Term. You agree to adopt and implement reasonable procedures to prevent unauthorized access, use or disclosure of Confidential Information, including by establishing reasonable security and access measures and restricting its disclosure to key personnel. We reserve the right to require that any employee, agent, or independent contractor that you hire execute a non-disclosure agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure agreement that you use and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure agreement that we require you to use, provide to you, or regulate the terms of, may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for obtaining your own

professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement that your employees, agents, and independent contractors sign.

Confidential Information does not include Restricted Data (as defined in Section 8.M), nor does it include information, knowledge, or know-how which you can demonstrate lawfully came to your attention before we provided it to you directly or indirectly; which, at the time we disclosed it to you, already had lawfully become generally known through publication or communication by others (without violating an obligation to us or our affiliates); or which, after we disclose it to you, lawfully becomes generally known through publication or communication by others (without violating an obligation to us or our affiliates). However, if we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

You acknowledge and agree that, as between us and you, we are the sole owner of all right, title, and interest in and to the Franchise System and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the Franchise System and any Confidential Information (collectively, "**Innovations**") made or created by you, your employees, or your contractors, whether developed separately or in conjunction with us, shall be owned solely by us. You represent, warrant, and covenant that your employees and contractors, including the Management Company, if applicable, are bound by written agreements assigning all rights in and to any Innovations developed or created by them to you. To the extent that you, your employees, or your contractors are deemed to have any interest in such Innovations, you hereby agree to assign, and do assign, all right, title and interest in and to such Innovations to us. To that end, you shall execute, verify, and deliver such documents (including assignments) and perform such other acts (including appearances as a witness) as we may reasonably request for use in applying for, obtaining, perfecting, evidencing, sustaining, and enforcing such ownership rights in and to the Innovations, and the assignment thereof. Your obligation to assist us with respect to such ownership rights shall continue beyond the expiration or termination of this Agreement. In the event we are unable for any reason, after reasonable effort, to secure your signature on any document needed in connection with the actions specified in this Section 6, you hereby irrevocably designate and appoint us and our duly authorized officers and agents as your agent and attorney in fact, which appointment is coupled with an interest and is irrevocable, to act for and on your behalf to execute, verify, and file any such documents and to do all other lawfully permitted acts to further the purposes of this Section 6 with the same legal force and effect as if executed by you. The obligations of this Section 6 shall survive any expiration or termination of this Agreement.

7. EXCLUSIVE RELATIONSHIP DURING TERM.

A. Covenants Against Competition.

(1) You agree that, during the Term, neither you, any of your owners, nor any of your or your owners' immediate family members will, without our prior written consent:

a. have any direct or indirect interest as an owner – whether of record or beneficially – in a Competitive Business (defined below), wherever located or operating (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subparagraph);

b. perform services as a director, officer, manager, employee, consultant, representative, lessor, or agent for a Competitive Business, wherever located or operating; or

c. directly or indirectly, appropriate, use or duplicate the Franchise System or Brand Standards, or any portion thereof, for use in any other business or endeavor.

(2) The term "**Competitive Business**" means any entity that (i) owns in whole or in part, whether directly or indirectly, a hotel brand or trade name (whether or not licensed) that, in

our judgment, competes with the Brand Hotels or Network Hotels, irrespective of the number of hotels comprising the competitive hotel brand, (ii) grants franchises or licenses for the operation of any competitive hotel brand, or (iii) provides services to any entity that falls under subsection (i) or (ii). Notwithstanding the foregoing, no entity will be considered a Competitive Business if such entity has an interest merely as (a) a franchisee of a competitive hotel brand; (b) a management company operating hotels on behalf of multiple brands; or (c) a passive investor that has no control over business decisions of such brand. You agree to obtain similar covenants from the personnel we specify, including officers, directors, managers, and other employees attending our training program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

B. **Non-Interference.** You further agree that, during the Term, neither you nor any of your owners, your or your owners' affiliates, or the officers, directors, managers, employees, agents, or immediate family members of any of the foregoing, will:

(1) interfere or attempt to interfere with our or our affiliates' relationships with any guests, franchisees, lenders, vendors, or consultants; or

(2) engage in any other activity which might injure the goodwill of the Marks or the Brand Hotels.

8. BUSINESS OPERATIONS AND BRAND STANDARDS.

A. **Condition and Appearance of Your Hotel.** You agree that you will not use any part of the Premises for any purpose other than operating a Brand Hotel in compliance with this Agreement, unless you have obtained our prior written consent for such other use, and that you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos and display and advertising materials that we approve from time to time. You further agree to maintain the condition and appearance of your Hotel and the Premises in accordance with the Brand Standards and, consistent with the image of Brand Hotels, as an efficiently operated business offering high quality services and observing the highest standards of cleanliness and efficient, courteous service.

B. **Products and Services Your Hotel Offers.** You agree that you (1) will offer and sell from your Hotel all of the products and services that we periodically specify in the Brand Manual, including all products and services ancillary to the operation of your Hotel that we may periodically specify, such as food and beverage operations, restaurants, dining, bar, lounge, retail food and beverage services, banquets, meetings, events and catering services ("**Food and Beverage Operations**"), and spa, salon, and related operations and services ("**Spa Operations**"), and such other products or services as we periodically specify; (2) will not offer or sell at your Hotel, the Premises or any other location any products or services we have not authorized; and (3) will discontinue selling and offering for sale any products or services that we at any time disapprove.

C. **Other Operations.** You must ensure that all applicable Food and Beverage Operations, all Spa Operations, and any other approved ancillary products and services, as provided in the Brand Manual, operate in full compliance with all applicable laws, rules and regulations and all applicable Brand Standards. You or the Management Company, if applicable, must provide training programs to such providers in the manner we may periodically specify. We may revoke our approval of your Food and Beverage Operations, Spa Operations and other ancillary product and service operations, in the event you fail to provide such products and services in full compliance with all applicable laws, rules and regulations and all applicable Brand Standards.

D. **Management of Your Hotel.** Your Hotel must be managed by a general manager (the "**General Manager**") on a full-time basis, whether employed by you or the Management Company (defined below). The General Manager must meet our minimum qualifications we specify periodically, including completing training regarding management of a Brand Hotel. If the General Manager cannot continue or no longer qualifies to serve as such, the General Manager must be replaced, with an individual

who meets our then-current qualifications, within sixty (60) days of the date they cease or no longer qualify to serve as General Manager.

You may engage a management company selected by you and approved by us (the "**Management Company**"). Any lease, management agreement, or other arrangement for operating your Hotel or any part thereof shall be subject to our prior written consent, which may be withheld in our sole discretion. If your Hotel will be managed by a Management Company, the Management Company will sign the Management Company Joinder to this Agreement. By doing so, the Management Company agrees that it is bound by all of the terms of this Agreement as if it were you under this Agreement and agrees that it is jointly and severally liable with you for all your obligations under this Agreement, except with respect to the actual payments of any amounts due to any third parties, our affiliates or pursuant to this Agreement. You must obtain our prior written consent to any change of the Management Company or if you wish to engage a Management Company after the Effective Date, which consent may be withheld in our sole discretion, and will be subject to the proposed Management Company demonstrating the capability to manage your Hotel pursuant to this Agreement and the Brand Standards. In the event we approve a change in the Management Company, the new Management Company must execute the Management Company Joinder to this Agreement.

You are solely responsible for the management, direction, and control of your Hotel, regardless of whether you retain a Management Company. We reserve the right to revoke our approval of the Management Company if, in our discretion, the Management Company fails to remain qualified to manage your Hotel. The management agreement between you and the Management Company shall be subject and subordinate to this Agreement and, in the event of any conflict between the management agreement and this Agreement, the controlling contract shall be this Agreement.

E. **Approved Products, Services, and Suppliers.** We and our affiliates reserve the right to periodically designate and approve standards and specifications of the FF&E and the products and services that we periodically authorize for use at your Hotel. We and our affiliates also reserve the right to designate and may approve, from time to time, manufacturers, vendors, distributors, suppliers, and producers (collectively referred to herein as "**vendors**"), terms, and distribution methods for any goods or services (which include, but are not limited to, services, insurance, products, equipment, supplies, and materials). You shall purchase all goods and services required for the operation of your Hotel in accordance with the standards and specifications we periodically set, and from approved or designated vendors if we have specified approved or designated vendors for a particular good or service (which we may concentrate purchases with one or more vendors to obtain lower prices, better advertising support, and/or better services for any group of franchisees for any given good or service, which may be us or an affiliate) under terms, in the manner, and from the source designated by us or any of our affiliates. You may be required to sign such approved or designated vendors' form agreements for the purchase of such products and services. We may, at our option, arrange with approved vendors to collect or have our affiliates collect fees and expenses associated with goods and services they provide to you and, in turn, pay the vendor on your behalf for such goods or services. If we elect to do so, you agree that we or our affiliates may auto-debit your bank account for such amounts in the same manner and using the same authorization that you grant us with respect to payment of Royalty and other fees. We or any of our affiliates may be a supplier, distributor, or otherwise party to these transactions, and may derive revenue or profit from such transactions. We and any of our affiliates may use such revenue or profit without restriction.

In the event you desire to purchase equipment, products, services, supplies, or materials, or from vendors, other than those previously approved by us and our affiliates, you shall, prior to purchasing any such equipment, products, services, supplies, or materials, or from such vendor, give us a written request to approve such change and submit to us all information, specifications, and samples that we request. Any goods or services from vendors must be in accordance with the then-current Brand Standards. Our approval of any products, services, supplies, materials, or vendors must be made by us in writing and may also be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, concentration of purchases and other criteria, and may be conditioned on the vendor providing us with adequate insurance protection, the vendor's execution of reasonable

indemnity and confidentiality agreements, and the vendor's payment of reasonable license fees to us if the Marks are to be used, and may be temporary or conditional, pending our further evaluation of the vendor. We and our affiliates may, for any reason, withhold or revoke approval of a good, service or vendor at any time, and you must discontinue using the good, service or vendor that we disapprove promptly upon receiving our written notice of disapproval. You acknowledge and agree that suppliers may share your data with us, including your purchase history and quantities purchased, to facilitate discount programs, to allow us to enforce compliance with this Agreement or otherwise. You agree to take all actions or sign all documentation reasonably requested by us or the third-party supplier to allow such exchange of information.

WE MAKE NO WARRANTY WITH RESPECT TO ANY PRODUCTS, SERVICES, EQUIPMENT, SUPPLIES OR OTHER ITEMS WE APPROVE AND WE EXPRESSLY DISCLAIM ALL WARRANTIES, EXPRESS AND IMPLIED, INCLUDING IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO ANY SUCH PRODUCTS, EQUIPMENT, SUPPLIES, OR OTHER APPROVED ITEMS.

F. **Reservation System.** During the Term, we will, directly or indirectly, operate and maintain the computerized Central Reservation System or such substitute as we determine, in our discretion. We or our approved supplier will furnish you with the Central Reservation System and maintenance and support for the Central Reservation System software. You will purchase, install and maintain at your Hotel all equipment necessary for participation in the Central Reservation System, and agree to participate during the Term in any Central Reservation System maintained or designated by us for Brand Hotels and to comply with all terms and conditions of participation, including, but not limited to, any required reservation terminal(s) and related equipment and any enhancements, substitutions or modifications specified by us in the Brand Manual or otherwise in writing. You will be responsible for ensuring that you are maintaining and showing the appropriate number and distribution of accessible Guest Rooms in inventory at your Hotel on a rolling basis in the Central Reservation System. You also will be responsible for all telephone line or service charges, data communication equipment, and other charges to connect your equipment to the Central Reservation System. Your Hotel may not book any reservations through any other electronic reservation system or technology other than the Central Reservation System, except as expressly permitted otherwise in this Agreement. You will be responsible for the cost of supplies used in the operation of such equipment and for all other related expenses necessary to the operation of the Central Reservation System. You may request that we assist you with updating the Central Reservation System rate and inventory database for an additional reservation system maintenance fee in the amount set forth in Schedule 3.H.

G. **Periodic Renovations.** Beginning six years after the Renovation Work Completion Date or the Construction Work Completion Date, as applicable, we periodically may issue a notice to you (a "**Periodic Renovation Notice**") which will require you to meet with us to conduct an inspection of the Premises and develop a PIP of renovations required for your Hotel and your Hotel's FF&E (the "**Periodic Renovations**"). You will commence the Periodic Renovations within 90 days of receipt of the Periodic Renovation Notice. At the time of each Periodic Renovation Notice, we may require you to upgrade the entirety of your Hotel to conform to the then-current Brand Standards. We will not issue a Periodic Renovation Notice within six years after the date of a prior Periodic Renovation Notice. Notwithstanding the foregoing, nothing in this Agreement shall limit or otherwise excuse your obligation to ensure Guest Rooms and public spaces of your Hotel, including the furniture therein, are in good repair and conform to then-current Brand Standards. You must obtain all necessary insurance, permits, and certifications required for lawful renovation of your Hotel, including zoning, access, sign, building permits, and fire certifications, and if requested by us, you will provide us copies of all such certificates of insurance, permits, and certifications. During Periodic Renovations, we or our representatives may visit your Hotel at any time to observe the renovation work, and you, your contractors and subcontractors will cooperate fully with any such site visits. Upon request, you will submit photographs showing the progress of renovations to us. We may submit any deficiencies or discrepancies to you, and you will promptly cause such items to be corrected. Any notice of deficiencies or discrepancies relate solely to your satisfaction of the Brand Standards and are in no way to be interpreted as a representation or warranty by us that the Periodic Renovations are in compliance with any zoning codes, building codes, environmental codes or municipal, state, or federal law. If any site visits and inspections are necessary to ensure your Hotel complies with

the Periodic Renovation Notice and PIP, we may charge our then-current fee for the time spent inspecting your Hotel plus our travel costs and expenses. You agree to renovate, refurbish, remodel, or replace, as necessary and at your own expense, the real and personal property and equipment used in operating your Hotel in connection with each Periodic Renovation.

H. **Compliance with Laws and Good Business Practices.** You must secure and maintain in force throughout the Term all required licenses, permits and certificates relating to the operation of your Hotel and operate your Hotel in full compliance with all applicable laws, ordinances, and regulations in effect from time to time, including without limitation the ADA and its architectural guidelines, and all applicable state and local codes for accessible facilities. You agree to comply and assist us in our compliance efforts, as applicable, with any and all laws, regulations, Executive Orders or otherwise relating to anti-terrorist activities or the conduct of transactions involving certain foreign parties, including the U.S. Patriot Act, Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the International Economic Emergency Powers Act, and related U.S. Treasury or other regulations. In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to your Hotel as may be required by us or by law. You confirm that you, your owners, employees, agents, and representatives are not presently listed (nor has any such individual previously been listed) on the U.S. Treasury Department's List of Specially Designated Nationals, the Annex to Executive Order 13224 (the Annex is currently available at http://www.treasury.gov)~~,~~ or in any other governmental list which prohibits us or you from dealing with such individuals, and agree not to hire any person so listed or have any dealing with a person so listed. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders, or regulations, and specifically acknowledge and agree that your indemnification responsibilities as provided in Section 15.D pertain to your obligations hereunder. Notwithstanding the foregoing, unless any order issued by any federal, state, or local authority requires closure of your Hotel, you will not close your Hotel unless you obtain our prior written consent.

Your Hotel must in all dealings with its customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must promptly pay all taxes and fees levied and asserted on the Premises and your Hotel's assets and promptly satisfy any other indebtedness or liability to third party vendors that you incur in operating your Hotel. You agree to refrain from any business or advertising practice which might injure our business, or the goodwill associated with the Marks or other Brand Hotels. You agree to comply with our Franchise System Website (as defined in Section 9.B below) privacy policy, as it may be amended periodically; you further agree to comply with any requests to return or delete customer personal information, whether requested by us or directly by the customer, as required by applicable data sharing and privacy laws. You must notify us in writing within three business days of: (1) the commencement of any action, suit or proceeding relating to your Hotel, or any audit, investigation, or similar proceeding with respect to pending or threatened actions, suits or proceedings relating to your Hotel; (2) the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality relating to your Hotel; (3) any notice that you or your Hotel may have violated any law, ordinance or regulation relating to your Hotel; (4) receipt of any notice of complaint from the Better Business Bureau, any local, state or federal consumer affairs department or division, or any other government or independent third party involving a complaint from a client or potential client relating to your Hotel; (5) any notice of default, termination, or other exercise of any default rights or remedies from your landlord, lender or any third party supplier; and (6) written complaints from any customer or potential customer. You must immediately provide to us copies of any documentation you receive of events in (1) through (6) above, together with any additional information that we reasonably request relating to such notice or underlying matter, and resolve the matter in a prompt and reasonable manner in accordance with good business practices.

I. **Insurance.** During the Term, you must maintain in force at your sole expense commercial general liability (CGL) insurance, liquor liability (applicable only when or if you distribute, sell, serve, or furnish alcoholic beverages), automobile liability insurance coverage, garage-keepers' liability, umbrella or excess liability insurance policies, property/all risk and contents insurance (or builder's risk insurance during any period of construction), boiler & machinery insurance, business interruption insurance, workers' compensation insurance, crime insurance, employment practices liability insurance,

and cyber liability insurance, all complying with our specifications as to amount and type of coverage, which we may prescribe from time to time in writing. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord, your mortgagee, or otherwise.

Each of the insurance policies must: (i) be written by an insurance company with an A.M. Best rating of "A" or better as rated in the most recent edition of Best's Insurance Reports or comparable publication; (ii) to the extent legally permissible, name us, our affiliates, and our and their respective officers, directors and employees as additional named insureds and loss payees for all liability coverage policies; (iii) provide that the coverages will be primary and that any insurance carried by us will be excess and non-contributory; and (iv) provide that all coverages afforded to us (and our affiliates) will be coextensive with the coverage provided to you or any named insured on such policy, and any language in such policy that purports to limit the coverage available to us (and our affiliates) will be deemed deleted as to us (and our affiliates). We periodically may change the amounts of coverage required under the insurance policies and require different or additional kinds of insurance, including excess liability insurance. All insurance may be effected under policies of blanket insurance which cover your other properties and affiliates so long as such blanket insurance satisfies our requirements, as they periodically are modified. Our requirements for minimum insurance coverage are not representations or warranties of any kind that such coverage is sufficient for your Hotel's operations. Such requirements represent only the minimum coverage that we deem acceptable to protect our interests. It is your sole responsibility to obtain insurance coverage for your Hotel that you deem appropriate, based on your own independent investigation. We are not responsible if you sustain losses that exceed your insurance coverage under any circumstances. Additionally, no insurance coverage that you or any other party maintains will be deemed a substitute for your indemnification obligations to us or affiliates under Section 15.D or otherwise.

Within 10 days of the Effective Date, and in any event, prior to opening your Hotel as a Brand Hotel, you must provide us certificates of insurance showing compliance with the insurance requirements. The certificate of insurance must include a statement that the policies will not be canceled without at least 30 days' prior written notice to us. Upon our request, you must supply us with copies of all insurance policies and proof of payment. You also must deliver renewal certificates to us not less than 10 days prior to each insurance policy's renewal date.

If, for any reason, you fail to procure or maintain the insurance we periodically prescribe, we have the right (but not the duty) to procure such insurance for you. We may procure less than the amount of insurance required by this Agreement and will not be liable to you if the amount we procure is insufficient to cover your risks. If we do procure such insurance, we will charge the cost of such insurance to you. Upon demand, you will immediately pay us such charges, plus a reasonable fee for our expenses in so acting (currently $500 per month, subject to Fee Adjustments). The insurance maintained by us does not in any way limit or affect your obligation to procure and maintain the types and amounts of policies we periodically require. Further, our performance of your obligations will not relieve you of liability under the indemnity provisions set forth in this Agreement, nor will it act as a waiver of any other remedies available to us as a result of such default.

J. **Restrictions on Use of the Site.** Except as permitted by the Brand Standards, you will not, without our prior approval: (i) knowingly permit gambling to take place at your Hotel or use the Premises or any part of portion thereof for any casino, lottery, or other type of gaming activities, or directly or indirectly associate with any gaming activity; (ii) knowingly permit adult entertainment activities at your Hotel; or (iii) knowingly permit any portion of your Hotel or Premises to be used to operate a pawnshop, check-cashing business, sexually-oriented business, package liquor store, or marijuana dispensary.

K. **Rates and Reservations.** You will provide your prices and rates for use in the Central Reservation System in accordance with the Brand Standards and any then-applicable loyalty program. You will (i) honor any prices, rates or discounts set by you that appear in the Central Reservation system or elsewhere; (ii) honor all reservations made through the Central Reservation System or that are otherwise confirmed; and (iii) not charge any Hotel guest a rate higher than the rate specified in such Hotel guest's reservation confirmation. You will honor all pricing and terms for any other product or service offered in connection with your Hotel.

Unless prohibited by applicable law, we may periodically set a maximum or minimum price that you may charge for Guest Rooms and other products and services offered by Brand Hotels, including terms of promotional or discount programs we may offer to guests of the Brand Hotels. If we impose such a maximum or minimum price for any Guest Room or other product or service, you may charge any price for the Guest Room, product, or service up to and including our designated maximum price or down to and including our designated minimum price. The designated maximum and minimum prices for the same Guest Room rate, product or service may, at our option, be the same. For any Guest Room, product, or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a Guest Room, product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any Guest Room stay or other product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

L. **Compliance with Brand Standards.** You acknowledge and agree that operating and maintaining your Hotel according to Brand Standards are essential to preserve the goodwill of the Marks and the goodwill of all Brand Hotels. Therefore, compliance with all Brand Standards is mandatory, and you agree at all times to operate and maintain your Hotel according to each Brand Standard, as we periodically modify and supplement them. Though we retain the right to establish and periodically modify Brand Standards which you have agreed to maintain in the operation of your Hotel, you retain the right and sole responsibility for the day-to-day management and operation of your Hotel and the implementation and maintenance of Brand Standards at your Hotel. Brand Standards may regulate any aspect of the development, operation, and maintenance of your Hotel, including but not limited to any one or more of the following:

(1) the appearance and condition of your Hotel;

(2) operating procedures and platforms (including with respect to OTAs we may approve from time to time);

(3) sales, marketing, advertising, and promotional programs (including coupons and other price-related promotions) and materials and media used in these programs;

(4) staffing levels for your Hotel and employee qualifications, training, and uniforms (although you have sole responsibility and authority concerning employment decisions, including selection and promotion, discipline, discharge, hours worked, rates of pay and other benefits, work assigned and working conditions);

(5) the requirement to participate in our revenue management for hire program and pay us our then current fees for such program for the first year following the Opening Date, and thereafter to either continue such participation or employ a full-time certified revenue manager (who meets the minimum qualifications we specify periodically, including completing training in the revenue management system);

(6) the requirement to employ a full-time General Manager (who meets the minimum qualifications we specify periodically);

(7) use and display of the Hotel Trade Name and the Marks;

(8) policies for the registration, use, content, or management of Online Presences, or other technology systems, solutions, or products;

(~~8~~9) methods of payment and currencies that your Hotel may accept from customers;

(~~9~~10) participation in market research and testing and product and service development programs;

(~~10~~11) participation in gift card and loyalty card programs;

(~~11~~12) pricing;

(~~12~~13) bookkeeping, accounting, data processing and record keeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, and financial performance and condition; and giving us copies of tax returns and other operating and financial information concerning your Hotel (we will use reasonable efforts to keep such records confidential);

(~~13~~14) participation in quality assurance and customer satisfaction programs;

(~~14~~15) ensuring, on an ongoing basis, that the description of your Hotel and its amenities, features, and rooms, including those you believe make your Hotel and its premises accessible to persons with disabilities, is current and accurate in the Central Reservation System, on any Online Presence, and in any third-party distribution channels;

(~~15~~16) types, amounts, terms and conditions of insurance coverage required for your Hotel, including criteria for your insurance carriers; and

(~~16~~17) any other aspects of operating and maintaining your Hotel that we determine to be useful to preserve or enhance the efficient operation, image or goodwill of the Marks and Brand Hotels.

You agree that the Brand Standards we periodically prescribe, whether prescribed in the Brand Manual or otherwise communicated to you in writing or another form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all Brand Standards as periodically modified. You acknowledge that our periodic modification of the Brand Standards (including changes and additions to hotel equipment and hardware and software required for the Computer System, including, but not limited to, the Central Reservation System, the Property Management System, and the Revenue Management System), which may accommodate regional or local variations, may obligate you to invest additional capital in your Hotel and incur higher operating costs.

You agree to comply with all modifications or supplements to the Brand Standards at your own expense, as such requirements may be revised from time to time. The cost to you for adaptations and modifications shall not be unreasonable.

M. **Information Security.** You shall abide by all applicable laws pertaining to the data privacy of us, consumers, employees, and your Hotel's transactional information. You also shall comply with our Brand Standards and policies pertaining to data privacy. If there is a conflict between our Brand Standards and policies pertaining to privacy and any applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel in determining the most effective way, if any, to meet our Brand Standards and policies pertaining to data privacy within the bounds of applicable law.

You hereby agree to allow us or our affiliates to process, store, amend and/or delete personal data relating to you, your employees, your Hotel, and its business transactions.

You must comply with all applicable laws, including laws related to data privacy and data security laws and regulations that may be applicable to your Hotel, including any requirements of the credit card processing industry, including PCI DSS and any successor standard, and the information that your Hotel collects from its customers and prospective customers, employees and other such third parties, and any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report

information ("**Personal Information**"). All such laws and regulations are hereinafter called "**Information Privacy Laws**."

You hereby agree that we are the data controller of any and all Personal Information that we share with you or your representatives. You acknowledge and agree that all such Personal Information is Confidential Information subject to Section 6 and may not be shared with any third-party of any kind without our express authorization.

Further, without limiting the generality of the foregoing, during and after the Term, you (and if you are conducting business as an Entity, each of your owners) agree to, and to cause your respective current and former immediate family members, owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, affiliates, successors and assigns to:

(1) process, retain, use, or disclose Personal Information strictly to the limited extent, and in such a manner, as is necessary for operating your Hotel in accordance with this Agreement, and not process, retain, use, or disclose Personal Information for any other purpose;

(2) adopt and implement adequate measures (hereinafter called "**Security Measures**") to secure the confidentiality of all Personal Information;

(3) assist us with meeting our compliance obligations under all applicable federal, state, and foreign laws and regulations relating to the processing, protection, or privacy of Personal Information, including where applicable, the guidance and codes of practice issued by regulatory bodies;

(4) provide customers and prospective customers, employees and other third parties with written notice of your and our applicable privacy policies and the uses to be made of Personal Information by you, and by us and our affiliates and the other businesses and companies to whom we or they respectively may disclose Personal Information (hereinafter called the "**Privacy Policy Notice**");

(5) provide customers and prospective customers, employees and other third parties with prior written notice of disclosure of any Personal Information collected from them (hereinafter called "**Disclosure Notice**");

(6) ~~P~~provide customers and prospective customers, employees and other third parties with notice of "opt-out" rights regarding such disclosures and uses of their Personal Information and an adequate opportunity to exercise such rights (hereinafter called "**Opt-Out Notice**");

(7) promptly notify us if you receive any complaint, notice, or communication relating to Personal Information, or your compliance with your obligations relating to Personal Information, including any request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information; and

(8) permit us and our representatives to audit your compliance with any and all obligations relating to Personal Information and data privacy, and as applicable, you will take reasonable steps to stop and remediate any unauthorized practices, in each case at the times and locations selected by us, and the manner we determine.

From time to time, we may formulate policies and practices concerning Security Measures, the form, content, and manner of delivering Privacy Policy Notices, Disclosure Notices, and Opt-Out notices, as well as matters relating or incidental thereto. You must adopt and implement all such policies and practices in accordance with written instructions in a timely manner. It is entirely your responsibility (even if we provide you any assistance or guidance in that regard) to confirm that the safeguards you use to

protect Personal Information comply with all applicable laws and industry information security best practices related to the collection, access, use, storage, disposal, and disclosure of Personal Information.

You agree to immediately (but not later than twenty-four (24) hours, unless sooner required under applicable laws) notify us in writing if you become aware of any actual compromise of system security or data integrity that has led to, or is likely to lead to, the actual destruction, loss, alteration, unauthorized disclosure of, or access to any Personal Information protected by applicable Information Privacy Laws or Confidential Information ("**Security Incident**"). You further agree to cooperate with us and any governmental authorities in taking all reasonable actions necessary to investigate and respond to any Security Incident. We agree to notify you without undue delay and, as may be appropriate, will provide information relating to the Security Incident if and as it becomes known to us. We and you will also take reasonable steps to mitigate and, where possible, to remedy the effects of, any Security Incident, and shall coordinate regarding any notifications to regulators, law enforcement, affected individuals and the press related to any Security Incident.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any of the following Personal Information (collectively, the "**Restricted Data**"): (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or your Hotel; (b) such other Personal Information as we from time to time expressly designate as Restricted Data; and/or (c) any other Personal Information to which we do not have access. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusive responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Data.

N. **Employees, Agents, and Independent Contractors.** You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire or engage to assist in the operation of your Hotel. You agree that any employee, agent, or independent contractor that you hire or engage will be your or the Management Company's employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of your Hotel in compliance with applicable federal, state, and local employment laws. You must notify all your employees in writing that they are your employees and not our employees, and you must never contend otherwise.

O. **Non-Disparagement.** You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, managers, principals, agents, partners, employees, representatives, attorneys, spouses, heirs, affiliates, successors and assigns not to) disparage or otherwise speak or write negatively, directly or indirectly, of us and our current and former parents, subsidiaries, and affiliates, and each such foregoing entity's current and former owners, directors, managers, officers, employees, representatives, agents, franchisees, developers, predecessors, successors, and assigns, and each foregoing individual's current and former spouses, heirs, executors and personal representatives, the Marks, the Franchise System, any Network Hotels, any business using the Marks, any other brand or service-marked or trademarked concept of us or our affiliates, or which would subject any of the foregoing to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us, the Marks, Brand Hotels, Network Hotels, or such other brands, or which would constitute an act of moral turpitude. The obligations of this Section 8.O shall survive any expiration or termination of this Agreement.

9. MARKETING.

A. **Brand Promotion.** We and our affiliates have established a brand promotion program for all Network Hotels ~~operating under the MOD A Sonesta Collection, Classico A Sonesta Collection, The James, Royal Sonesta, Sonesta Hotels and Resorts, Hotel RL, Sonesta ES Suites, Sonesta Simply~~

~~Suites, Sonesta Select, and Sonesta Essential service marks and trademarks worldwide (the "**Brand Promotion Hotels**"). We and our affiliates will use Brand Promotion Fees for advertising, marketing, and public relations programs and materials we and they deem appropriate~~. We and our affiliates reserve the right to separate the ~~B~~brand ~~P~~promotion ~~Fees paid to us~~program into separate brand promotion programs for each brand or any combination of brands we and they determine, or to consolidate the ~~B~~brand ~~P~~promotion ~~Fees paid to us~~program with the brand promotion ~~fees~~program of other brands we or our affiliates maintain so that we maintain and administer one brand promotion program for all brands or any combination of brands as we determine.

We or our affiliates or other designees ~~will direct all programs that~~may use some or all of your Brand Promotion Fees ~~finance, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. Brand Promotion Fees may be used for~~, in conjunction with other Network Hotels' contributions or promotional fees, to pay for various expenses and programs that, in our view, benefit, in the short-term or the long-term, the Brand Hotels or any or all of the Network Hotels worldwide. These programs and expenditures may include but are not limited to: preparing and producing video, audio, and written materials and digital media; developing, implementing, and maintaining the Franchise System Website and related strategies; administering international, national, regional and multi-regional marketing and advertising programs (which may be based in the U.S. or elsewhere, as we determine in our sole discretion), including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; administering online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); developing and administering software, apps, and related integrations; implementing and supporting the loyalty program or other marketing programs designed to encourage the patronage of ~~Brand Promotion~~Network Hotels; supporting public relations, market research, and other advertising, promotion, and marketing activities; participating in travel industry trade shows, operating a global sales department, which activities include group sales, business-to-business, transient, leisure and specialty markets; and such other uses as we deem appropriate for the promotion of ~~Brand Promotion~~Network Hotels and further developing the reputation and image of ~~Brand Promotion~~Network Hotels. We and our affiliates have sole discretion to determine how we spend these fees, including sole control over the creative concepts, materials, endorsements, and media used in the programs, the geographic market in which we and they place any media and allocation of advertising. We or our affiliates may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services, and personnel with any other entity, including our affiliates.

We and our affiliates will account for Brand Promotion Fees separately from our other funds ~~and will not use the Brand Promotion Fees for any of our general operating expenses. However, we~~, though we are not obligated to maintain them in a separate account. We and our affiliates may use Brand Promotion Fees to reimburse us or our affiliates or designees for the ~~reasonable~~ salaries and benefits of personnel who directly or indirectly manage and administer the brand promotion programs ~~for which we use the Brand Promotion Fees~~, associated administrative costs, travel expenses of personnel while they are on corresponding business, meeting costs, overhead relating to the brand promotion programs ~~for which we use the Brand Promotion Fees~~, and other expenses that we incur in activities ~~reasonably~~ related to administering or directing such programs, including conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Brand Promotion Fees.

The ~~B~~brand ~~P~~promotion ~~Fees collected by us~~programs are not a trust and the Brand Promotion Fees do not bear interest. We do not owe any fiduciary obligation to you for administering ~~programs for which we use~~ the ~~B~~brand ~~P~~promotion ~~Fees~~program or any other reason. We or our affiliates will use Brand Promotion Fees for the purposes described in this Section 9.A. Our spending of the Brand Promotion Fees in any fiscal year may be more or less than the total Brand Promotion Fee payments in that year~~. We may use all interest earned on Brand Promotion Fees to pay costs before spending any Brand Promotion Fees paid to us. We will~~, and the brand promotion programs may borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may prepare an annual, unaudited statement of Brand Promotion Fee payments and expenses, and give you a copy of

the most recently prepared statement upon your written request to us. We may (but are not obligated to) have our accounts related to Brand Promotion Fees audited annually, which audit may be paid for using Brand Promotion Fees collected, by an independent certified public accountant. We may incorporate a brand promotion fund or operate the same through a separate entity whenever we deem appropriate. The successor entity will have all the rights and duties specified in this Section 9.A.

~~We intend to use Brand Promotion Fees to promote recognition of the service marks and trademarks under which the Brand Promotion Hotels operate, and patronage of Brand Promotion Hotels which pay Brand Promotion Fees, and the brands of the Brand Promotion Hotels generally.~~ We need not ensure that brand promotion program expenditures ~~for which we use Brand Promotion Fees~~ in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fees paid by ~~Brand Promotion~~Network Hotels operating in that geographic area or that any ~~Brand Promotion~~Network Hotel benefits directly or in proportion to its Brand Promotion Fees paid from the development of advertising and marketing materials or the placement of advertising and marketing. We and our affiliates may forgive, waive, settle, and compromise all claims by or against the brand promotion programs ~~for which we use the Brand Promotion Fees~~. Except as expressly provided in this Section 9.A, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering such programs under this Section 9.A.

Franchisees of each brand, and company or affiliate-owned or managed Network Hotels, may pay Brand Promotion Fees at a different rate. We and our affiliates also may at any time defer or reduce Brand Promotion Fees payable by a franchisee and, upon 30 days' prior notice to you, reduce or suspend Brand Promotion Fee payments and programs for which we use such payments for one or more periods of any length and terminate (and, if terminated, reinstate) such programs.

~~We also reserve the right, but shall not be obligated, to use Brand Promotion Fees to pay for separate programs and expenditures for Brand Promotion Hotels in the United States or other countries in which Brand Promotion Hotels may be located.~~

B. **Franchise System Website.** We and our affiliates have established a Website for the Brand Hotels and certain other Network Hotels to advertise, market, and promote Brand Hotels and other applicable Network Hotels, the products and services that they offer and sell, or the franchise opportunity (the "**Franchise System Website**"). We and our affiliates will have sole discretion and control over the Franchise System Website (including design, contents, and continuation). In connection with the Franchise System Website, we may require you to: (i) provide us the information and materials we request to develop, update, and modify the Franchise System Website with reference to your Hotel information; and (ii) notify us whenever any information on the Franchise System Website is not accurate with respect to your Hotel. We and our affiliates will own all intellectual property and other rights in the Franchise System Website, including your webpage, and all information they contain (including the domain name or URL for your webpage, the log of "hits" by visitors, and any personal or business data that visitors supply).

We and our affiliates will maintain the Franchise System Website and may use Brand Promotion Fees to develop, maintain, and update the Franchise System Website. We periodically may update and modify the Franchise System Website. You acknowledge that we have final approval rights over all information on the Franchise System Website. We may implement and periodically modify Brand Standards relating to the Franchise System Website. We also may discontinue any Franchise System Website, create a separate Franchise System Website for any one of the, or any combination of the, Network ~~Brands~~Hotels, or consolidate such Franchise System Website with the website of any other brands we or our affiliates maintain, at any time, in our sole discretion.

If you are in default of any obligation under this Agreement or the Brand Standards, then we may, in addition to our other remedies, temporarily remove your Hotel information from the Franchise System Website until you fully cure the default. We will permanently remove your Hotel information from the Franchise System Website upon this Agreement's expiration or termination.

C. **Online Presences.** You may not register, own, maintain or use any Online Presences relating to the Brand Hotels, Network Hotels, or that includes the Network Marks or any portion of the

Hotel Trade Name, except as approved in advance by us. As a general rule, we do not permit franchisees to maintain vanity or other independent Online Presences for Brand Hotels. You may not list the details or contact information of your Hotel on any vanity or other independent websites or other Online Presence, including any OTAs, without our prior written approval. You must establish any Online Presence that we may require, and only establish any other Online Presence that we authorize. All use of Online Presences must be in accordance with the Brand Standards and our other guidelines, including the implementation and maintenance of and compliance with privacy policies, as applicable. Given the changing nature of this technology, we have the right to withhold our approval, and to withdraw any prior approval, and to modify our requirements, at our sole discretion. You acknowledge and agree that the restrictions on your use of the Marks will survive the expiration or earlier termination of this Agreement.

You acknowledge that you may not, without a legal license or other legal right, post on your Online Presences any material in which any third party has any direct or indirect ownership interest (including video clips, photographs, sound bites, copyrighted text, trademarks or service marks, or any other text or image in which any third party may claim intellectual property ownership interests). You also agree to incorporate on your Online Presence any other information we require in the manner we deem necessary to protect the Marks.

You must adhere to our Online Presences guidelines and procedures, which include but are not limited to appropriate content, relevance, behavior related to communications, frequency and responsiveness to communications, etiquette, naming conventions, use of the Marks, and posting messages or commentary on third-party websites. We must approve your Online Presences and they shall be linked to any Online Presences related to the Marks or Network Hotels we designate. We have the right to require you to remove your Online Presences if you fail to comply with our guidelines and procedures, as they may change from time to time.

We will own the rights to each Online Presence. At our request, at any time, you agree to grant us access to each such Online Presence, and to take whatever action (including signing assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive administrative rights in such Online Presence. Upon the expiration or termination of this Agreement, you agree to irrevocably assign and transfer to us (or to our designee) all of your right, title and interest in and full control of any domain name listings and registrations and other Online Presence which contain any reference to the Marks, Brand Hotels, or Network Hotels, and will notify the applicable domain name registrar(s) or other third party of the termination of your right to use any domain name or Online Presence associated with the Network Marks, and will authorize and instruct the cancellation or transfer of the Online Presence to us (or our designee), as directed by us. Notwithstanding the foregoing, you agree that all liabilities and obligations arising from any such Online Presence prior to the date of the transfer or assignment to us will remain your sole responsibility in all respects, and any costs we incur in connection therewith will be indemnifiable under Section 15.D of this Agreement. You hereby irrevocably appoint us, with full power of substitution, as your true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. To evidence and confirm such appointment, you must execute the form of Collateral Assignment of Online Presences, which is attached hereto as Exhibit B. You also will delete all references to the Marks, Brand Hotels, or Network Hotels from any other Online Presence you own, maintain, or operate beyond the expiration or termination of this Agreement.

10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. We may require you to use a Computer System to maintain certain sales data and other information. We may also require you to use a third party approved by us for accounting and bookkeeping services. You agree to give us in the manner and format that we prescribe from time to time:

(a) On or before the 10th day of each month, (i) a report for the preceding month of all revenue generated at your Hotel, the Gross Rooms Revenue of your Hotel, room occupancy

rates, reservation data and other information we require, and (ii) the profit and loss and cash flow statements and the balance sheet for the preceding month and year to date for the then current fiscal year;

(b) within 90 days after the end of each fiscal year, annual profit and loss and source and use of funds statements and a balance sheet for your Hotel as of the end of that calendar year, prepared in accordance with generally accepted accounting principles or, at our option, international accounting standards and principles. We reserve the right to require that you have these financial statements and the financial statements of any prior fiscal years audited, at your expense, by an independent accounting firm designated by us in writing;

(c) within ten days after our request, exact copies of federal and state income tax returns, sales tax returns, and any other forms, records, books, and other information we periodically require relating to your Hotel and the Franchise; and

(d) by January 15, April 15, July 15 and October 15 of each calendar year, reports on the status (including the outstanding balance, then-current payment amounts, and whether such loan is in good standing) of any loans outstanding as of the previous calendar quarter for which your Hotel or any of your Hotel's FF&E is collateral. You must also deliver to us, within five days after your receipt, copies of any default notices you receive from any of such lenders. You agree that we or our affiliates may contact your banks, other lenders, and vendors to obtain information regarding the status of loans of the type described herein and your accounts (including payment histories and any defaults), and you hereby authorize your bank, other lenders, and vendors to provide such information to us and our affiliates.

You agree to provide all financial records in accordance with the chart of accounts we may designate. We may disclose data derived from these reports for any reason as we deem necessary or appropriate, including making a financial performance representation in our franchise disclosure document. Moreover, we may, as often as we deem appropriate (including daily), access the Computer System and retrieve all information relating to the operation of your Hotel. You agree to preserve and maintain all records in a secure location at your Hotel for at least seven years (including sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts and disbursement journals, and general ledgers), or for any longer period that may be required by law.

Further, at our request, you will provide current financial information for your owners and guarantors sufficient to demonstrate such owners' and guarantors' ability to satisfy their financial obligations under their individual guaranties.

11. **INSPECTIONS AND AUDITS.**

A. **Our Right to Inspect your Hotel.** To determine whether you and your Hotel are complying with this Agreement and all Brand Standards, we and our designated agents or representatives may at all times and without prior notice to you:

(1) inspect your Hotel;

(2) photograph your Hotel and observe and videotape the operation of your Hotel for consecutive or intermittent periods we deem necessary;

(3) remove samples of any products and supplies;

(4) inspect your Computer System, including hardware, software, security, configurations, connectivity and data access, and other technology used in the operation of your Hotel;

(5) interview the Management Company, personnel, and customers of your Hotel;

(6) inspect and copy any books, records, and documents relating to the operation of your Hotel including tax returns and financial statements for your Hotel; and

(7) contract with third parties to conduct mystery-shopper visits or other market-research testing, and quality assurance inspections at your Hotel.

If we exercise any of the foregoing rights, we will not interfere unreasonably with the operation of your Hotel. You acknowledge that your obligation to comply with the Brand Standards is unconditional. You agree to cooperate with us fully. You agree to present to your customers the evaluation forms that we periodically prescribe and to participate and request your customers to participate in any surveys performed by or for us. We retain the right to enforce, at our discretion, the Brand Standards as we deem necessary or appropriate in furtherance of our interest in the Brand Hotels. You agree to reimburse us for our personnels' and designees' travel and meal expenses in connection with the inspection or re-inspection of your Hotel. You will not be required to provide more than two (2) nights' accommodations at your Hotel, free of charge, to our representatives in connection with an inspection, except with respect to any reinspection made necessary due to us or our designated representatives being prevented from properly inspecting any or all of your Hotel (including because you or your personnel refuse entry to any part of the Hotel), for which you must provide accommodations, free of charge, to our representatives for the number of nights necessary for us or our representatives to complete such reinspection.

B. **Our Right to Audit.** We and our designated agents or representatives may at any time during your business hours, and without prior notice to you, examine your Hotel, bookkeeping, and accounting records for your Hotel, and sales and income tax records and returns, and other records. At our election, such audit may be performed remotely or electronically without your knowledge. You agree to, and your staff must, cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of the Gross Rooms Revenue, you agree to pay us, within 15 days after receiving the examination report, the Royalty and Brand Promotion Fee due on the amount of the understatement, plus our service charges and interest on the understated amounts from the date originally due until the date of payment. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or failure to furnish these items on a timely basis, or if our examination reveals a Royalty or Brand Promotion Fee understatement exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. You will not be required to provide more than two (2) nights' accommodations at your Hotel, free of charge, to our representatives in connection with an audit. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

12. TRANSFER.

A. **By Us.** We have the right to transfer or assign this Agreement or any of our rights, obligations, or assets under this Agreement to any person or legal entity so long as the transferee assumes all our obligations to you under this Agreement.

B. **By You.** You acknowledge and agree that the rights and duties this Agreement creates are personal to you (or to your owners if you are an Entity) and that we have granted you the Franchise in reliance upon our perceptions of your (or your owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither this Agreement (or any interest in this Agreement), your Hotel or substantially all its assets, any direct or indirect ownership interest in you (regardless of its size), nor any ownership interest in any of your owners (if such owners are legal entities) may be transferred without our prior written approval, which consent will not be unreasonably withheld or delayed. You further agree that you will not enter into any proposed mortgage, pledge, hypothecation, encumbrance or giving of a security interest in or which affects your Hotel, this Agreement, or your rights under this Agreement without our prior written consent. A transfer of your Hotel ownership, possession, or control, or substantially all its assets, may be made only with a transfer of this Agreement. Any transfer, or

attempt to transfer, without our approval is a breach of this Agreement and has no effect. In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in:

(1) this Agreement;

(2) you;

(3) your Hotel or substantially all its assets; or

(4) your owners (if such owners are legal entities).

An assignment, sale, gift, or other disposition includes the following events:

(a) transfer of ownership of capital stock, a partnership or membership interest, or another form of ownership interest, including by way of a public offering or pursuant to a private placement;

(b) merger or consolidation or issuance of additional securities or other forms of ownership interest;

(c) any sale of a security convertible to an ownership interest;

(d) transfer of an interest in you, this Agreement, your Hotel or substantially all its assets, or your owners in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) if you, one of your owners, or an owner of one of your owners dies, a transfer of an interest in you, this Agreement, your Hotel or substantially all its assets, or your owner by will, declaration of or transfer in trust, or under the laws of intestate succession; and

(f) pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security, foreclosure upon your Hotel, or your transfer, surrender, or loss of the possession, control, or management of your Hotel.

If you intend to list your Hotel for sale with any broker or agent, you shall do so only after providing us ten days' prior written notice. You may not use, or authorize any broker or agent or other third party to use, any Mark in advertising the transfer or other disposition of your Hotel or of any ownership in you without our prior written consent. You shall not use or authorize the use of, and no third party shall on your behalf use, any written materials to advertise or promote the transfer of your Hotel or of any ownership interest in you without our prior written approval of such materials.

C. **Conditions for Approval of Transfer.** If you (and your owners) are in full compliance with this Agreement, then you may request our consent to a proposed transfer. We will give your request reasonable consideration but may condition our consent on compliance with certain requirements, including the following:

(1) you have paid all Royalty and Brand Promotion Fee payments, and other amounts owed to us, our affiliates, and third-party vendors and have submitted all required reports and statements;

(2) you have not violated any provision of this Agreement, the Lease, or any other agreement with us during both the 60-day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer, nor have you received a notice of termination from us;

(3) neither the transferee nor its owners (if the transferee is an Entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(4) you provide us all information or documents we request about the proposed transfer, the transferee, and its owners;

(5) the transferee completes to our satisfaction any training, brand introduction and/or orientation program that we require at the time of the transfer;

(6) your landlord, if applicable, allows you to transfer the Lease or sublease the Premises to the transferee;

(7) the transferee agrees (if the transfer is of this Agreement) to meet with us at our request, either virtually or in person, to conduct an inspection of the Premises and develop a PIP for necessary upgrades, remodeling, and refurbishment of your Hotel and your Hotel's FF&E in accordance with our then-current requirements and specifications for Brand Hotels, and complete the Renovation Work therein within 120 days after the effective date of the transfer;

(8) the transferee, at our request, signs our then current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;

(9) The transferee shall demonstrate to our satisfaction that the transferee meets our then-current standards for a new franchisee, including educational, managerial, and business standards; possesses a good moral character, business reputation, and credit rating; has the aptitude and ability to operate your Hotel; and has sufficient equity capital to operate your Hotel;

(10) you or the transferee pays us a transfer fee equal to ~~our then-current~~the Initial Fee as provided in Section 3.A of this Agreement. However, no transfer fee is due if, upon a spouse's death, that spouse's interest in this Agreement and your Hotel, or ownership in you, is transferred to the surviving spouse, provided that such transfer is subject to the terms and conditions of this Section 12;

(11) you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, and agents;

(12) you and your owners agree that all the transferee's obligations under promissory notes, agreements, or security interests reserved in your Hotel are subordinate to the transferee's obligation to pay Royalty, Brand Promotion Fees, and other amounts due to us, our affiliates, and ~~third party~~third-party vendors and otherwise to comply with this Agreement; and

(13) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other Network Hotels you own and operate) identify yourself or themselves or any business as a current or former Hotel or as one of our franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Brand Hotel in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

We may review all information regarding your Hotel that you give the transferee, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us, or we have made regarding your Hotel.

Our approval of a transfer of ownership interests in you as a result of the death or incapacity of the proposed transferor will not be unreasonably withheld or delayed so long as you notify us within three months of the death or incapacity giving rise to such transfer of the intended transferee of the ownership interests, and the Principal designated on Exhibit A continues to be the designated Principal or another

individual trained in the operation of a Brand Hotel and with the requisite management experience whom we approve operates your Hotel during the interim period prior to completion of the transfer. If, as a result of the death or incapacity of the transferor, a transfer is proposed to be made to the transferor's spouse, and if we do not approve the transfer, the trustee or administrator of the transferor's estate will have nine months after our refusal to consent to the transfer to the transferor's spouse within which to transfer the transferor's interests to another party whom we approve in accordance with this Section 12.C.

D. **Our Right of First Refusal.**

(1) Prior Notice of Intention to Sell. If you (or any of your owners) at any time determine to sell or transfer for consideration an interest in this Agreement or your Hotel, or an ownership interest in you, in a transaction that otherwise would be allowed under Sections 12.B and 12.C, you must obtain from a responsible and fully disclosed buyer, and promptly send to us in the manner identified in Section 18, below, a true and complete copy of a bona fide, executed written offer to purchase you or substantially all of your assets. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to 5% or more of the offering price. The proposed buyer also must complete our then current form of franchise application and provide us such other personal and financial information as we request to determine whether the buyer satisfies our then-current requirements for new franchisees.

(2) Preemptive Purchase Option. We may, by written notice delivered to you or your selling owner(s) within thirty (30) days after we receive the signed offer letter and all other information we request, elect to purchase you or substantially all of your assets on the same terms and conditions as those offered to the third party, provided that: we shall be entitled to substitute cash for any consideration offered by the prospective purchaser; we shall also be entitled to authorize a third party to acquire the business operation on the same terms and conditions; we or to the third party nominated by us will have an additional ninety (90) days to prepare for closing after notifying you of our election to purchase; and, we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable.

(3) Completion of Sale. The completion of the sale to us, a third party nominated by us, or the proposed buyer you have identified shall not affect the rights and obligations of the parties accruing prior to the date of transfer. You shall remain liable for all obligations of franchisee accruing prior to the transfer date, including the payment of all amounts due and the transfer fee as required under Section 12.C of this Agreement.

(4) Criteria for Acceptance of Third Parties. Should we decide not to exercise our right of first refusal under this Section 12.D, or should we fail to react to your notification of your intention to sell within the period stated in Section 12.D(2), you may complete the sale to the proposed buyer on the terms and conditions identified in the bona fide offer letter, but only if we approve the transfer in accordance with, and you (and your owners) and the transferee comply with the conditions in, Sections 12.B and 12.C.

E. **Other Transfers By You.**

(1) Transfer to a Wholly Owned Corporation or Limited Liability Company. Notwithstanding Section 12.C above, if you are in full compliance with this Agreement, you may transfer this Agreement to a corporation or limited liability company which conducts no business other than your Hotel and, if applicable, other Network Hotels in which you maintain management control, and of which you own and control one hundred percent (100%) of the economic interests, equity and voting power of all issued and outstanding ownership interests, provided that all of the assets of your Hotel are owned, and the business of your Hotel is conducted, only by that single

corporation or limited liability company. Any such proposed transfer will be subject to the conditions described in Section 12.C, except that we will not require payment of a transfer fee as described in Section 12.C.(10); provided, that you reimburse us for any direct costs we incur in connection with documenting and otherwise processing such transfer, including reasonable legal fees. You (and your owners) agree to remain personally liable under this Agreement as if the transfer to the corporation or limited liability company did not occur.

(2) Commercial Leases. You may lease or sublease commercial space in your Hotel that is customarily subject to lease or enter into concession arrangements in the ordinary course of business at your Hotel, only with notice to us and with our prior written consent.

(3) Brick and Mortar Transfers. You may sell, lease, or transfer your Hotel, your Hotel site, or any portion thereof if, in our reasonable judgment, after the sale, you retain possession and control of your Hotel site and the management control of your Hotel operations and continue to comply with the requirements of Section 7.A, provided you give us at least 60 days' prior notice of the proposed transfer, and any information related to the Transfer that we may reasonably require. If, in our reasonable judgment, the Transfer will result either in (a) your loss of possession or control of your Hotel or Hotel site or management of your Hotel, or (b) a material change in your financial condition, the sale will then be considered a change of ownership and you must comply with the provisions of Section 12.C.

(4) Pledge to Lending Institution. Notwithstanding any other provision of this Agreement, you do not need to notify us to obtain our approval if you want to pledge or mortgage the assets of your Hotel to a third-party bank or other commercial lending institution that is not a Competitive Business. However, you do need to notify us and obtain our consent if you want to pledge or mortgage your interest in this Agreement or any Equity Interest. As a condition to our giving our consent to a pledge or mortgage of this Agreement or any Equity Interest we may require the lender to sign a lender comfort letter that describes our requirements on foreclosure. If the lender desires to continue to operate a Brand Hotel, the lender will be required to conform to the lender comfort letter approved by us at our reasonable discretion or, if no lender comfort letter was signed, then it must meet the terms and conditions of Section 12.C. References in this Agreement to "**Equity Interest**" means any direct or indirect beneficial interest in the franchisee.

(5) Public or Private Offering. Written information used to raise or secure funds can reflect upon us and the Marks. You agree to submit any written information intended to be used for that purpose to us at least twenty (20) days before the date you distribute those materials, or file them with any governmental agency, including in any registration statement, prospectus, or similar offering memorandum. Should we object to any reference to us or our affiliates or any of our business in the offering literature or prospectus, the literature or prospectus shall not be used until our objections are withdrawn. You may not engage in a public offering of securities without our prior written consent.

You must pay us an amount equal to ~~our~~ the~~n~~ ~~current~~ Initial Fee, as provided in Section 3.A of this Agreement, in connection with such offering. You also may not use any of the Marks or otherwise imply our or any of our affiliates' participation or endorsement of any securities offering. We will have the right to approve any description of this Agreement or of your relationship with us, or any use of the Marks, contained in any prospectus or other communications or materials you use in the sale or offer of any securities. You may not imply our or any of our affiliate's participation in or endorsement of any such securities. To the extent we give you any comments to your documents which are related in any way to this Agreement or the Brand Hotels or Network Hotels, you must modify the documents to address those comments, satisfactory to us, before filing or distributing the documents. Our review of these documents will not in any way be considered our agreement with any statements contained in those documents, including any projections, or our acknowledgment or agreement that the documents comply with any applicable laws.

You may not sell any securities unless you do so in compliance with all applicable federal and state securities laws, and unless you clearly disclose to all purchasers and offerees that (i) neither we, nor any of our affiliates, nor any of our or their respective owners, officers, directors, agents or employees, will in any way be deemed an issuer or underwriter of said securities, and that (ii) we, our affiliates, and our respective owners, officers, directors, agents and employees have not assumed and will not have any liability or responsibility for any financial statements, prospectuses or other financial information contained in any "prospectus" or similar written or oral communication. You agree to indemnify, defend, and hold the Indemnified Parties free and harmless of and from any and all liabilities, costs, damages, claims, or expenses arising out of or related to the sale or offer of any of your securities to the same extent as provided in Section 15.D of this Agreement. As used in this Section the terms "prospectus," "issuer," "underwriter," "securities," "offer," "sell," and "sale" have the meanings defined in the Securities Act of 1933, as amended.

F. **Effect of Consent to Transfer.** Our consent to a transfer of this Agreement and your Hotel, or any interest in you or your owners, is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of your Hotel or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance by you and the transferee with this Agreement.

13. EXPIRATION OF THIS AGREEMENT.

A. **Your Right to Acquire a Successor Franchise.** When this Agreement expires:

(1) if you (and each of your owners) have substantially complied with this Agreement during its term; and

(2) if you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section 13.B. below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all Brand Standards; and

(3) provided that, and in conjunction with Section 13.A(4) below, (a) you maintain possession of and agree (regardless of cost) to remodel or expand your Hotel, add, or replace improvements and FF&E, and otherwise modify your Hotel as we require to comply with Brand Standards then applicable for new Brand Hotels, or (b) at your option, you secure a substitute premises that we approve, and you develop those premises according to Brand Standards then applicable for Brand Hotels; and

(4) provided that if we so require, you transition your Hotel into a different brand concept that we (or an affiliate) offer, including remodeling your Hotel as necessary, adding or replacing improvements and FF&E, replacing the Marks wherever they appear (including without limitation signage, advertising materials and stationery), and complying with all the then-current brand standards applicable to the new brand concept,

then you may acquire a successor franchise to operate your Hotel as a Brand Hotel for one additional 20 year term, subject to the terms and conditions in Sections 13.B and 13.C, below.

B. **Grant of a Successor Franchise.** You agree to give us written notice of your election to acquire a successor franchise no more than one year and no less than nine months before this Agreement expires. We agree to give you written notice ("**Our Notice**"), not more than 90 days after we receive your notice, of our decision:

(1) to grant you a successor franchise;

(2) to grant you a successor franchise on the condition that you correct existing deficiencies of your Hotel or in your operation of your Hotel;

(3) to grant you a successor franchise on the condition that you transition your Hotel into a different brand concept, in accordance with Section 13.A(4) of this Agreement;

(4) not to grant you a successor franchise based on our determination that you and your owners have not substantially complied with this Agreement during its term, were not in full compliance with this Agreement and all Brand Standards on the date you gave us written notice of your election to acquire a successor franchise, or you have received four or more default notices during the Term; or

(5) not to grant you a successor franchise because we no longer grant franchises for Brand Hotels.

If applicable, Our Notice will:

(a) describe the remodeling, expansion, improvements, or modifications required to bring your Hotel into compliance with then applicable Brand Standards for Brand Hotels (or the different brand concept, if applicable); and

(b) state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If we elect not to grant you a successor franchise, Our Notice will describe the reasons for our decision. If we elect to grant you a successor franchise, your right to acquire a successor franchise is subject to your full compliance with all the terms and conditions of this Agreement through the date of its expiration, in addition to your compliance with the obligations described in Our Notice.

C. **Agreements/Release.** In order to acquire a successor franchise, you must satisfy all of the other conditions for a successor franchise and you and your owners agree to execute the form of franchise agreement and any ancillary agreements we then customarily use in granting franchises for Brand Hotels (modified as necessary to reflect the fact that it is for a successor franchise) or for hotels of the different brand concept, if applicable, which may contain provisions that differ materially from any and all of those contained in this Agreement. You must pay a renewal fee in an amount equal to ~~our then current~~ Initial Fee ~~(for Brand Hotels, or hotels of the different brand concept, if applicable)~~as provided in Section 3.A of this Agreement. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their owners, officers, directors, employees, agents, successors, and assigns. We will consider your or your owners' failure to sign these agreements and releases and to deliver them to us for acceptance and execution (together with the renewal fee) within 30 days after their delivery to you to be an election not to acquire a successor franchise.

14. TERMINATION OR SUSPENSION OF AGREEMENT.

A. **Termination or Suspension by Us on Advance Notice.** Except in the case of an immediate termination as provided in Section 14.B below, we have the right to terminate this Agreement if you fail to cure an Event of Default within 30 days after we furnish notice of default to you based on the Event of Default, or, if there is a non-monetary Event of Default that is incapable of cure within 30 days, if you fail to diligently pursue cure of such default and fail to cure the default within the additional time periods we set forth in the notice of default.

(1) An "**Event of Default**" will occur if you fail to satisfy or comply with any of the obligations, requirements, conditions, or terms set forth in (i) this Agreement, the Brand Standards (including the minimum performance scores required by the Brand Manual), or any attachment to this Agreement; or (ii) any other agreement you have with us, or an Entity, relating to your Hotel, including, any computer system agreement, or any agreement to manage your Hotel. An "**Event of Default**" will also occur if you make any misrepresentations to us, whether in entering into this Agreement, or in the performance of your obligations to us.

(2) Our notice of termination will not relieve you of your obligations under this Agreement or any of its attachments.

(3) Upon notice of an Event of Default, we also may at any time, at our sole discretion, suspend our obligations under this Agreement (including Central Reservation Services as more fully described below) and may remove the listing of your Hotel from any directories we publish, and from any advertising we publish, or to remove or suspend you from the Central Reservation System immediately without notice to you, and/or rescind any terms to this Agreement that were negotiated between the parties. We will have the right to divert reservations previously made for your Hotel to other Network Hotels after giving you notice of an Event of Default. If you fully cure the Event of Default within the time provided in our notice, including payment of any amounts accruing to us under this Agreement after the date of our notice, and further including payment of our then applicable administrative fee for resumption of services, we will restore you to the Central Reservation System, and add you to all future directories we publish and to all advertising we subsequently disseminate (except advertising that was ordered before your reinstatement), but we will not be required to redirect to you any reservations previously made for your Hotel and diverted to other Network Hotels during the period of suspension or removal, and you will be entitled to no compensation in connection with our election to suspend or remove your Hotel from our directories, advertising or the Central Reservation System. You agree that our exercise of these rights will not result in actual or constructive termination of this Agreement, and that the rights granted to us in this Section 14.A.(3) are in addition to, and apart from, any other rights we may have in this Agreement, including our right to terminate this Agreement. If we exercise any of these rights, the exercise will not be a waiver of any breach by you of any term, covenant, or condition of this Agreement.

B. **Immediate Termination by Us.** We have the right to terminate this Agreement immediately upon notice to you (or terminate it at the earliest time permitted by applicable law) if one or more of the following breaches to this Agreement or any of its attachments occur:

(1) After curing any Event of Default of this Agreement or the Brand Standards you engage in the same noncompliance within any consecutive 24 month period, or you fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not the noncompliance is corrected after notice; or after we have notified you of your noncompliance with any of the requirements imposed by this Agreement or the Brand Standards, regardless of materiality, you engage in a pattern of noncompliance with any of those requirements, whether or not the noncompliance is corrected after notice, which pattern of non-compliance in and of itself will be deemed material;

(2) You or any guarantor of your obligations under this Agreement:

a. Fail to pay us (or our affiliates) any amounts due and do not correct the failure within ten days after we deliver written notice of that failure to you;

b. Generally fails to pay your or its debts as they become due, including to the lessor of Premises (if leased) and any other amounts owed in connection with your Hotel; admits in writing your or its insolvency or inability to pay its debts or obligations as they become due; your or its liabilities exceed its assets; or makes a general assignment for the benefit of your or its creditors;

c. Commence any case, proceeding or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of you or it or your or its debts under any law relating to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for you or it or for all or any substantial part of your or its property;

d. Take any corporate or other action to authorize any of the actions set forth above in Section 14.B(2)b or 14.B(2)c;

e. Suffer initiation of any case, proceeding or other action against you or it seeking to have an order for relief entered against you or it as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution or composition of you or it or your or its debts under any law relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for you or it or for all or any substantial part of your or its property, and such case, proceeding or other action (i) results in the entry of an order for relief against you or it which is not fully stayed within seven business days after the entry of the order or (ii) remains undismissed for 45 days;

f. Allow an attachment to remain on all or a substantial part of your Hotel or of your or its assets for 30 days;

g. Fail within 60 days of the entry of a final judgment against you or it in any amount exceeding $100,000 to discharge, vacate or reverse the judgment, or to stay execution of it, or if appealed, to discharge the judgment within 30 days after a final adverse decision in the appeal;

h. Fail to obtain possession, or lose possession or the right to possession of all or a significant part of your Hotel or Hotel site, whether through foreclosure, loss of lease, or for other reasons;

i. Fail to complete the Renovation Work or Construction Work, as set forth in Exhibit D-1 and Exhibit D-2, as applicable, by the Renovation Work Completion Date or Construction Work Completion Date, as applicable;

j. Fail to start operating your Hotel by the Opening Date;

k. Fail to continue to identify your Hotel to the public as a Brand Hotel, or abandon the operation of your Hotel by failing to operate your Hotel for five consecutive days, or any shorter period after which it is not unreasonable under the facts and circumstances for us to conclude that you do not intend to continue to operate your Hotel, unless the failure to operate is due to fire, flood, earthquake or similar causes beyond your control, provided that you have taken reasonable steps to minimize the impact of such events;

l. Contest in any court or proceeding our ownership of the Marks or any part of the Franchise System, or the validity of any of the Marks;

m. Fail to retain the right to use the Unaffiliated Mark;

n. Take any action toward dissolving or liquidating yourself or itself, if you or it are a corporation, limited liability company or partnership, except for death of a partner;

o. Any of the owners of a controlling Equity Interest are or have been convicted by a trial court of, or plead or have pleaded no contest to, a felony (or any other offense or conduct that we reasonably determine is likely to adversely reflect upon your Hotel, the Marks, the Network Hotels, us or our subsidiaries or affiliates);

p. Conceal revenue, maintain false books and records of accounts, submit false reports or information to us, or otherwise attempt to defraud us or any third-party in connection with the operation of your Hotel;

q. Engage in any dishonest or unethical conduct which, in our opinion, adversely affects your Hotel's reputation or the goodwill associated with the Marks;

r. Knowingly make any unauthorized use or disclosure of any part of the Brand Manual or any other Confidential Information;

s. Fail to pay when due any federal or state income, service, sales, or other taxes due on your Hotel's operation, unless you are in good faith contesting your liability for these taxes;

t. Fail to comply with any other provision of this Agreement, any other agreement you have entered with us or any Brand Standard and do not correct the failure within 30 days after we deliver written notice of the failure to you;

u. Become a Competitive Business;

v. Transfer any interest in this Agreement or in your Hotel other than in the transaction that we have approved (unless the transfer is of a type described in Section 12 where our approval or consent is not required);

w. Do not purchase or maintain insurance required by this Agreement, or do not reimburse us for our purchase of insurance on its behalf;

x. Fail to obtain or maintain the licenses required to operate your Hotel;

y. Information involving you or your affiliates, whether provided by you under Section 10 or obtained through our own investigation, discloses facts concerning you or your affiliates, including your respective officers, directors, shareholders, partners or members, or your Hotel, or title to the property on which your Hotel is constructed or any other property used by your Hotel, which, in our reasonable opinion is likely to adversely reflect upon, any gaming licenses or permits held by us or our subsidiaries or affiliates or the then current stature of any of us or our subsidiaries or affiliates with any gaming commission, board, or similar governmental or regulatory agency, or our reputation or business or the reputation or business of any of us or our subsidiaries or affiliates;

z. We make a reasonable determination that continued operation of your Hotel by you will result in an imminent danger to public health or safety (provided that, we may, in our discretion, require you to close your Hotel temporarily until you have rectified the dangerous situation and permit you to re-open your Hotel once there is no longer an imminent danger to public health or safety);

aa. You violate any law, ordinance, rule, or regulation of a governmental agency in connection with the operation of your Hotel and fail to correct such violation within 72 hours after you receive notice from us or any other party; or

bb. Any guarantor of your obligations under this Agreement breaches his or her guaranty, if any, or any guaranty fails to be a continuing obligation fully enforceable against the person(s) signing the guaranty, or if there is any inadequacy of the guaranty or guarantor, and the guarantor fails to provide adequate assurances to us as we may reasonably request.

C. **Our and your Rights and Obligations Upon Termination or Expiration of this Agreement.**

(1) Payment of Amounts Owed. You agree to pay us within 15 days after this Agreement expires or is terminated, or on any later date that we determine the amounts due to us, the Royalty, the Brand Promotion Fees, interest, and all other amounts owed to us (and our affiliates) which then are unpaid. You further agree to promptly pay when due all amounts owed to third parties in connection with the operation of your Brand Hotel.

(2) Cessation of Operations; De-Identification. When this Agreement expires or is terminated for any reason:

a. you must cease all use, direct or indirect, of any Mark, any colorable imitation of a Mark, or other indicia of a Brand Hotel in any manner or for any purpose; and must not use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

b. you may not directly or indirectly at any time or in any manner identify yourself or any business as a current or former franchisee or Brand Hotel (except with other Network Hotels you own and operate) and you agree to take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;

c. you agree to deliver to us or destroy (as we require), at your expense, within 30 days all signs, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Brand Hotel, including copies of all Confidential Information, and allow us, without liability to you or third parties, to remove these items from your Hotel;

d. you agree promptly and at your own expense to make the alterations we specify in the Brand Manual (or otherwise in writing) to distinguish your Hotel clearly from its former appearance and from other Brand Hotels to prevent public confusion;

e. you agree to immediately cease using and, at our discretion, either disable or instruct the registrar of any Online Presence to transfer exclusive control of and access to such Online Presence to us (or our designee), as we determine in our discretion;

f. you comply with all other Brand Standards we periodically establish (and all applicable laws) in connection with the closure and de-identification of your Hotel, including as it relates to disposing of Personal Information, in any form, in your possession or the possession of any of your employees; and

g. you agree to give us, within 30 days after the expiration or termination of this Agreement, evidence satisfactory to us of your compliance with these obligations.

D. **Confidential Information.** You agree that, when this Agreement expires or is terminated, you will immediately cease using all our Confidential Information (including computer software or similar technology and digital passwords and identifications that we have licensed to you or that otherwise are proprietary to us or our affiliates) in any business or otherwise and return to us all copies of the Brand Manual and any other confidential materials that we have loaned you or to which we have given you access.

E. **Non-Interference.** You agree that, for two years beginning on the effective date of termination or expiration, neither you nor any of your owners, your or your owners' Affiliates, or the officers, directors, managers, or immediate family members of any of the foregoing, will:

(1) interfere or attempt to interfere with our or our affiliates' relationships with any guests, franchisees, lenders, vendors, or consultants; or

(2) engage in any other activity which might injure the goodwill of the Marks or the Brand Hotels.

F. **Reservations.** Your Hotel will honor any reservations, including group bookings made for your Hotel prior to the termination at the rates and on the terms established when the reservations are made and pay when due all related travel agent commissions. You acknowledge and agree that once a termination or expiration date for this Agreement has been established in accordance with the provisions of this Agreement, we may stop accepting reservations through the Central Reservation System for any persons seeking to make a reservation for a stay on any date on or after the Termination or expiration of this Agreement. In addition, when this Agreement terminates or expires for any reason, we have the right to contact those individuals or entities who have reserved rooms with you through the Central Reservation System to inform them that your lodging facility is no longer part of the Franchise System. We further have the right to inform those guests of other facilities within the Franchise System that are near your Hotel if the guests prefer to change their reservations. You agree that the exercise of our rights under this Section will not constitute interference with your contractual or business relationship.

G. **Damages.**

(1) Lost Revenue Damages. To preserve the Franchise System in the interest of all franchisees, it is necessary to protect the relevant trade secrets and know-how and prevent its disclosure to Competitive Businesses. If we terminate this Agreement because of your breach or if you terminate this Agreement without cause, you and we agree that it would be difficult, if not impossible, to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your continued payment of Royalties and Brand Promotion Fees through the remainder of the Term. Therefore, you and we agree that a reasonable estimate of such damages, which are damages for the future profits lost to us due to the premature termination of this Agreement, and not as a penalty or as damages for breaching this Agreement, or in lieu of any other payment, less any cost savings we might have experienced (the "**Lost Revenue Damages**"), is an amount equal to the net present value of the Royalties and Brand Promotion Fees that would have become due had this Agreement not been terminated, from the date of termination to the scheduled expiration of the Term. For the purposes of this Section, Lost Revenue Damages shall be calculated as follows: (1) the lesser of 36 or the number of full and partial calendar months remaining in the Term, multiplied by (2) the aggregate of the Royalty fee and Brand Promotion Fee percentages, multiplied by (3) the average monthly Gross Rooms Revenue of your Hotel during the 36 full calendar months immediately preceding the ~~termination~~last date of regular operations of your Hotel; provided, that if, as of ~~the termination~~such date, your Hotel has not been operating for at least 36 months, the average monthly Gross Rooms Revenue shall be based on the average Gross Rooms Revenue of your Hotel for all full calendar months during the period commencing on the Opening Date and ending as of the last full calendar month immediately preceding the last date of ~~termination~~regular operations of your Hotel.

You agree to pay us Lost Revenue Damages, as calculated in accordance with this Section, within fifteen (15) days after this Agreement is terminated, or on any later date that we determine. You and we agree that the calculation described in this Section is a calculation only of the Lost Revenue Damages and that nothing herein shall preclude us or limit us from proving and recovering any other damages caused by your breach of this Agreement.

(2) De-Identification Damages. If within 30 days after the termination or expiration of this Agreement, you fail to comply with your obligations under Section 14.C.(2), we or our agents, at your expense, may enter the Premises of your Hotel to comply with the provisions of Section 14.C.(2), without being deemed guilty of or liable for trespass or any other tort, and make or cause to be made such changes at your expense. You will pay us $500 for each day in which you are in breach of your de-identification obligations under this Agreement, plus all expenses that we incur, upon demand. If you are selling or otherwise transferring your Hotel to a third-party who does not desire to operate your Hotel as a Brand Hotel using the Marks, you must complete all your de-identification obligations immediately prior to closing on the sale of your Hotel. If you fail to

comply with your de-identification obligations, we and our affiliates will be entitled to recover all losses, costs, expenses, and damages caused by that failure. We and our affiliates will also be entitled to relief by injunction, and any other right or remedy at law or in equity to enforce our rights under this Agreement.

(3) Unauthorized Opening Damages. Opening your Hotel under the Hotel Trade Name before we authorize you to open will constitute unauthorized use of the Marks and a material breach of this Agreement. Recognizing the difficulty of ascertaining damages for such a breach, you agree to pay to us, as liquidated damages, solely for the damage to Marks and not as a penalty, $5,000 per day to compensate us for the damage to the Marks. You also agree to reimburse us for our costs, including attorneys' fees, incurred in enforcing our rights. These damages do not limit any other remedies we may have, at law or in equity.

(4) Pre-Opening Damages. If you breach this Agreement and we terminate this Agreement before you open your Hotel under the Hotel Trade Name, the parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer due to the loss or interruption of the revenue stream we otherwise would have derived from your operation of a Brand Hotel through the Term. The parties agree that a reasonable estimate of those damages is, and you agree to pay us as compensation for the damages, an amount equal to $3,600 for each Guest Room.

H. **Continuing Obligations.** All our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

15. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.

A. **Independent Contractors.** You and we acknowledge and agree that this Agreement does not create a fiduciary relationship between you and us, that you and we are and will be independent contractors, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, your personnel, and others as the owner of your Hotel under a franchise we have granted and to place notices of independent ownership on the forms, business cards, stationery, advertising, and other materials we require from time to time.

You also acknowledge that you will have a contractual relationship only with us and may look only to us to perform under this Agreement.

B. **No Liability to or for Acts of Other Party.** We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our respective relationship is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of your Hotel or the business you conduct under this Agreement. We will have no liability for your obligations to pay any third parties, including any product vendors.

C. **Taxes.** We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, or other taxes, whether levied upon you or your Hotel, due to the business you conduct (except for our income taxes). You are responsible for paying these taxes promptly and must reimburse us for any such taxes that we must pay to any state taxing authority on account of your operation or payments that you make to us.

D. **Indemnification.** You agree to indemnify, defend, and hold harmless us, our parents, subsidiaries and affiliates, and each foregoing entity's current and former owners, shareholders, directors, managers, officers, employees, agents, predecessors, successors, and assignees (the "**Indemnified Parties**") against, and to reimburse any one or more of the Indemnified Parties for, all claims, obligations, and damages directly or indirectly arising out of: (i) the development or operation of your Hotel, (ii) the business you conduct under this Agreement, ~~or~~(iii) your breach of this Agreement, and/or (iv) your

employment practices or that are instituted by your employees, including those alleged to be caused by the Indemnified Party's negligence, unless (and then only to the extent that) the claims, obligations, or damages are determined to be caused solely by the Indemnified Party's intentional misconduct in a final, unappealable ruling issued by a court with competent jurisdiction. For purposes of this indemnification, "**claims**" include all obligations, damages (actual, consequential, or otherwise), and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable 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 or alternative dispute resolution, regardless of whether litigation or alternative dispute resolution is commenced. Each Indemnified Party may, it its discretion and at your expense, control the defense of any claim against it (including choosing and retaining its own legal counsel), agree to settlements of claims against it, and take any other remedial, corrective, or other actions in response to such claims. This indemnity 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 and expenses, to maintain and recover fully a claim against you under this subparagraph. You agree 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 you under this subparagraph.

16. CONDEMNATION AND CASUALTY

A. **Condemnation.** You must immediately inform us of any proposed taking of all or any portion of your Hotel by eminent domain. If, in our sole discretion, the taking is significant enough to render operation of your Hotel in accordance with this Agreement and the Brand Standards impractical, then we may terminate this Agreement on written notice, effective as of the day of the consummation of the actual taking (a "**Condemnation Termination**"). In the event of a Condemnation Termination, you will pay all amounts accrued prior to the effective date of the Condemnation Termination and follow the post-termination requirements set forth herein. If such taking, in our business judgment, does not require the termination of this Agreement, then you will make all necessary modifications to make your Hotel conform to its condition, character and appearance immediately before such taking, according to Plans and Designs approved by us. You will take all measures to ensure that the resumption of normal operations at your Hotel is not unreasonably delayed. You will not be obligated to pay Lost Revenue Damages in the event of a Condemnation Termination.

B. **Casualty.** You must immediately inform us if your Hotel, or any part thereof, is damaged by fire or other casualty. If such damage or destruction is substantial and material, affecting over fifty percent (50%) of the Guest Rooms of your Hotel, and the reasonable estimated cost to repair the damage exceeds the fair market value of your Hotel, you shall immediately notify us and elect, by written notice to us within sixty (60) days following the date of the casualty, to repair or rebuild your Hotel in accordance with the Brand Standards or to terminate this Agreement ("**Casualty Termination Notice**"). Any such Casualty Termination Notice shall be effective sixty (60) days after receipt of such notice by us. In the event you fail to send a Casualty Termination Notice, you shall be deemed to have elected to repair or rebuild your Hotel in accordance with the Brand Standards. If you elect to repair the damage, you will complete restoration within 180 days after the casualty. We may terminate this Agreement by written notice to you if you fail to rebuild your Hotel to the Brand Standards and recommence operations within the time periods specified in this Section. If you elect to repair the damages done to your Hotel pursuant to this Section, we reserve the right to require you to repair both the damaged and undamaged portions of your Hotel to our then-current Brand Standards. In the event you terminate this Agreement due to casualty, you will not be obligated to pay Lost Revenue Damages.

17. ENFORCEMENT.

A. **Severability and Substitution of Valid Provisions.** Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency, or tribunal with

competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice than this Agreement requires of this Agreement's termination or of our refusal to enter into a successor franchise agreement, or some other action that this Agreement does not require, or if, under any applicable and binding law or rule of any jurisdiction, any provision of this Agreement or any Brand Standard is invalid, unenforceable, or unlawful, the notice or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. **Waiver of Obligations.** We and you may by written instrument unilaterally waive or reduce any obligation of or restriction upon the other under this Agreement, effective upon delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of 10 days' prior written notice. We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including any Brand Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Brand Hotels; the existence of franchise agreements for other Brand Hotels which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or 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 acknowledgment 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 any of 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.

C. **Costs and Attorneys' Fees.** If either party initiates an arbitration, judicial or other proceeding, the prevailing party will be entitled to reasonable costs and expenses (including attorneys' fees incurred in connection with such judicial or other proceeding).

D. **You May Not Withhold Payments Due to Us.** You agree that you will not withhold payment of any amounts owed to us on the grounds of our alleged nonperformance of any of our obligations under this Agreement or for any other reason, and you specifically waive any right you may have at law or in equity to offset any funds you may owe us or to fail or refuse to perform any of your obligations under this Agreement.

E. **Rights of Parties are Cumulative.** Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not

preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

F. **Arbitration.** We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees, on the one hand, and you (and your owners, guarantors, affiliates, and employees), on the other hand, arising out of or related to:

(1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates);

(2) our relationship with you;

(3) the scope or validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration obligation under this Section 17.F, which we and you acknowledge is to be determined by an arbitrator, not a court); or

(4) any Brand Standard,

must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts). All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys' fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law, any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceedings). In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys' fees, incurred in connection therewith.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

We and you agree that arbitration will be conducted on an individual basis and that an arbitration proceeding between us and any of our affiliates, or our and their respective shareholders, owners, officers, directors, agents, representatives and employees, on the one hand, and you (or your owners, guarantors, affiliates, and employees), on the other hand, may not be: (i) conducted on a class-wide basis; (ii) commenced, conducted or consolidated with any other arbitration proceeding; (iii) joined with any separate claim of an unaffiliated third-party; or (iv) brought on your behalf by any association or agent. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that

dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. It will not be necessary to conduct pre-hearing discovery, but either party may do so. If either party elects to conduct prehearing discovery, each party shall be allowed only up to five interrogatories, including subparts, five requests for production, including sub-parts, and two depositions. Electronic discovery will be limited to searches of e-mail accounts of no more than two addresses for a twelve month period (or any shorter period for which e-mails are retained in the ordinary course) and a maximum of five search terms or phrases will be permissible.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of ~~the~~this Agreement~~s~~.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section. Notwithstanding the foregoing, nothing in this Section shall prohibit either party from filing a claim in court for collection of amounts owed to it, in accordance with Section 17.H.

G. **Governing Law.** Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement or any related agreements, the Franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees), whether couched in tort or contract, will be governed by the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this Agreement which relate to restrictions on you and your owners' competitive activities are found unenforceable under Massachusetts law, the enforceability of those provisions will be governed by the laws of the state in which your Hotel is located.

H. **Consent to Jurisdiction.** Subject to the obligation to arbitrate under Section 17.F above and the provisions below, you and your owners agree that all actions arising under this Agreement or any related agreements, or otherwise as a result of the relationship between you (and your owners, guarantors, affiliates, and employees) and us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) must be commenced in the court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently Newton, Massachusetts), and you (and each owner) irrevocably submit to the jurisdiction of that court and waive any objection you (or the owner) might have to either the jurisdiction of or venue in that court.

I. **Waiver of Punitive Damages, Jury Trial, and Class Action. EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION 15.D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.**

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF US.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE OWNERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, OFFICERS, DIRECTORS, AGENTS AND EMPLOYEES), ON

THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

J. **Injunctive Relief.** Nothing in this Agreement, including the provisions of Section 17.F, bars our right to obtain specific performance of the provisions of this Agreement and injunctive relief against any threatened or actual conduct that will cause us, the Marks or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions. You agree that we may seek such relief from any court of competent jurisdiction in addition to such further or other relief as may be available to us at law or in equity. You agree that we will not be required to post a bond to obtain injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing, and you hereby expressly waive any claim for damages caused by such injunction.

K. **Binding Effect.** This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Brand Manual and Brand Standards, this Agreement may not be modified except by a written agreement signed by our and your duly-authorized officers.

L. **Limitations of Claims; No Implied Covenant.** You and your owners agree not to bring any claim asserting that any of the Marks are generic or otherwise invalid. Except with regard to your obligation to pay us and our affiliates Royalty payments, the Brand Promotion Fees and other advertising fees, loyalty program fees, Lost Revenue Damages, and other payments due from you pursuant to this Agreement or otherwise, any claims between the parties must be commenced in accordance with this Agreement within one year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim, or such claim shall be barred. The parties acknowledge and agree that such time limit might be shorter than otherwise allowed by law. You and your owners agree that your and their sole recourse for claims arising between the parties shall be against us or our successors and assigns. You and your owners agree that our and our affiliates' members, managers, shareholders, directors, officers, employees, representatives, and agents shall not be personally liable nor named as a party in any action between us or our affiliates and you or your owners.

No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

M. **Agreement Effectiveness.** This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer or other duly authorized representative of ours. Notwithstanding that this Agreement shall not be effective until signed by us, we reserve the right to make the effective date of this Agreement the date on which you signed the Agreement.

N. **Construction.** The recitals and exhibits are a part of this Agreement which, together with the Brand Standards (which may be periodically modified, as provided herein), constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or your Hotel (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the Franchise Disclosure Document that we furnished to you. Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us. Except as provided in Section 15.D, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

You agree that whenever this Agreement allows or requires us to take actions or make decisions, we may do so in our sole and unfettered discretion, even if you believe our action or decision is unreasonable, unless the Agreement expressly and specifically requires that we act reasonably in

connection with the particular action or decision. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to "**we**," "**us**," and "**our**," with respect to all our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. The term "**affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies.

If two or more persons are at any time the owners of the Franchise and your Hotel, whether as partners or joint venturers, their obligations, and liabilities to us will be joint and several. References to "**owner**" mean any person holding a direct or indirect ownership interest (whether of record or beneficially) or voting rights in you (or a transferee of this Agreement and your Hotel or an ownership interest in you), including any person who has a direct or indirect interest in you (or a transferee), this Agreement, the Franchise, or your Hotel and any person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. "**Person**" means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity.

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days. The term "**your Hotel**" includes all the assets of your Hotel you operate under this Agreement, including its revenue and the Lease. "**Including**" means "including without limitation" and "including, but not limited to" unless otherwise noted.

O. **Lawful Attorney.** Notwithstanding anything otherwise contained in this Agreement, if you do not execute and deliver any documents or other assurances so required of you pursuant to this Agreement or if we take over the management or operation of the business operated hereunder on your behalf for any reason, you hereby irrevocably appoint us as your lawful attorney with full power and authority, to execute and deliver in your name any such documents and assurances, and to manage or operate the business on your behalf, and to do all other acts and things, all in such discretion as we may desire, and you hereby agree to ratify and confirm all of our acts as your lawful attorney and to indemnify and save us harmless from all claims, liabilities, losses, or damages suffered in so doing. You also hereby appoint us as your attorney-in-fact to receive and inspect your confidential sales and other tax records and hereby authorize all tax authorities to provide such information to us for all tax periods during the Term.

18. NOTICES AND PAYMENTS.

All written notices and notices permitted or required to be delivered by this Agreement or the Brand Manual will be deemed to be delivered on the earlier of the date of actual delivery or one of the following:

(a) at the time delivered by hand;

(b) at the time delivered via computer transmission (provided the sender obtains a read receipt from the recipient) and, in the case of the Royalty, Brand Promotion Fee, and other amounts due, at the time we actually receive payment;

(c) one business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery; or

(d) three business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid.

Notices must be addressed to the party to be notified at its most current principal business address of which the notifying party has notice (which address may not be a P.O. Box)~~, which~~. If to us, initially it shall be ~~as~~at the address set forth ~~below, or if~~in the introductory paragraph, to the attention of Asst. General Counsel – Franchise. If to you, notice may be delivered to your Hotel or the notice address

identified on Exhibit A. Any required payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before then) will be deemed delinquent.

~~If to us:~~ ~~Sonesta RL Hotels Franchising Inc.~~
~~400 Centre Street~~
~~Newton, MA 02458~~
~~Attn: Asst. General Counsel - Franchise~~

~~If to you:~~ _____
_____
_____
~~Attn:~~ _____

19. **ELECTRONIC MAIL.** You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize the transmission of e-mail by us and our employees, vendors, and affiliates ("**Official Senders**") to you during the Term.

You further agree that: (a) Official Senders are authorized to send e-mails to those of your employees as you may occasionally authorize for the purpose of communicating with us; (b) you will cause your officers, directors and employees to give their consent to Official Senders' transmission of e-mails to them; (c) you will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with you; and (d) you will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term.

This consent given in this Section 19 shall not apply to the provision of notice by either party under this Agreement pursuant to Section 18 unless we and you otherwise agree in a written document manually signed by both parties.

20. **COUNTERPARTS.** This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. ~~Faxed, s~~Scanned or electronic signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

(Signature pages to follow)

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to be effective as of the Effective Date.

~~**SONESTA RL HOTELS FRANCHISING INC.**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____
~~Date*:~~ _____
~~(*This is the Effective Date)~~

_____
~~**[Franchisee Name]**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____
~~Date:~~ _____

SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Title: _____
Date*: _____
(***Effective Date**)

_____
[Franchisee Name]

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: _____
Title: _____
Date: _____

MANAGEMENT COMPANY JOINDER

The party signing below is the Management Company and agrees that it is jointly and severally liable with you for the timely and complete performance of all your obligations under this Agreement, except with respect to the actual payment of any amounts due to any third parties, our affiliates or us pursuant to this Agreement (however, the Management Company will be obligated to ensure that such payments are made by you), as it may be modified from time to time (with or without the Management Company's consent), and is bound by all the terms of this Agreement as if it were you under this Agreement.

~~MANAGEMENT COMPANY:~~

_____
~~Print Name of Legal Entity~~

~~By:~~ _____
~~Print Name:~~ _____
~~Title:~~ _____
~~Date:~~ _____

MANAGEMENT COMPANY:

_____
Print Name of Legal Entity

By: _____
Name: _____
Title: _____
Date: _____

Schedule 3.H

Booking Fees, Commissions and Other Fees

Booking Fees and Commissions[2]:

Fee	Current Applicable Fees (Subject to Change)
~~Travel Agency Commissions~~	~~10% of gross revenue generated from bookings consumed through our Third-Party Distribution Program~~
Travel Agency Commission Settlement Fee[4]	~~Currently up~~Up to $0.85 per transaction
Groups, Meetings, and Events[1, 4]	5% on consumed master folio per group
Direct Connect Fee[4]	$1.75 per transaction
Brand.com[4]	$~~3.50~~1.75 per transaction
Internet Distribution System (IDS) Fee[4]	$~~3.80~~4.00 per transaction
~~Central~~ Voice Reservation ~~Center~~Service with Auto Attendant Fee[4]	$~~7.00~~4.00 per ~~transaction~~call
Global Distribution Systems (GDS) Fee[4]	$~~9.50~~10.50 per transaction
TMC and Consortia Fees[4]	~~$3.50 per room per night~~3.25% of gross revenue generated from bookings consumed through travel agencies ("Consumed Revenue")
Ignite Booking Program (Annual Fee)[4]	$500 per year (or $800 per year if integrated with Delphi Sales System), ~~plus 7% on consumed master folio per group~~payable on a calendar year basis without proration for partial calendar years
Ignite Booking Program (Monthly Fee)[4]	7% on consumed master folio per group
Business Pass Booking Program[4]	Not currently charged, but anticipated to be $350 per year, payable on a calendar year basis without proration for partial calendar years

Other Fees:

Brand Programs	Current Applicable Fees (Subject to Change)
Technology Fee[4]	$9 per Guest Room per month
Market Intelligence[4]	$~~250~~295 per month

[1] If you fail to report the number of room nights actually consumed by a group within 15 days of the group's departure, this fee will be charged based on the contracted for room nights.

[2] These booking fees are subject to change as third-party fees change, and such reservation and booking fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.

Brand Programs	Current Applicable Fees (Subject to Change)
Custom Architecture & Design Review	Up to $25,000 (for conversions) and $35,000 (for new construction) in connection with any Guest Room design review, public area review, or exterior review requiring custom architecture and design review by us
Corporate Transient and Consortia Account Support Subscription and Services[4]	$~~112.91 to~~1,355 - $~~183.33 per month~~2,200 per year, payable on a calendar year basis in equal monthly installments without proration for partial calendar years
Local Sales Solution [~~2~~3]	Base fee starts at $~~1,700~~1,900 per month. (applies only if you opt into this program). Additional features are available for additional fees.
Sales Technology Platform (Annual Fee)[4]	$5,000 per year, payable on a quarterly installment basis without proration for partial calendar quarters
Sales Technology Platform (Monthly Fee)[4]	$150 per month
Guest Relations Fee[4]	$25 to $125 per issue
Operations Insights[4]	Up to $~~125~~150 per month
Online Review Response Fee[4]	$39 to $150 per response (if not responded to within 72 hours)
Quality Assurance Inspections[4]	Up to $~~2,000~~2,500 for the first inspection each year; up to $4,000 for ~~a~~the first re-inspection upon your failed inspection; up to $5,000 for any additional re-inspections due to your persistent failed inspections, or for inspections resulting from guest satisfaction deficiencies
Revenue Management for Hire[4]	$995 to $2,500 per month, depending on number of Guest Rooms and market (required for the first year following the Opening Date, and thereafter if you do not have a dedicated revenue manager)
Revenue Management System[4]	$~~10.06~~10.68 per Guest Room per month
Revenue Management System Training[4]	$500 to $8,950 (depending on system selected and whether training is done on-site or virtually)
Reservation System Maintenance Fee: Rates and Inventory[4]	$250 to $1,000 per occurrence (if not maintained on a rolling 12-month basis)

[~~2~~3] The Sonesta Local Sales Solution is an outsourced sales resource, complimenting or replacing the need for a property-based salesperson, that provides both proactive and responsive sales and strategic marketing and sales operation support.

[4] These fees are subject to, no more than once per year, the Fee Adjustment. "**Fee Adjustment**" means an increase at our discretion by up to the greater of (i) 5% annually (or 10% for TMC and Consortia Fees and Operations Insights fees), on a compounding basis regardless of whether we exercise such adjustment in any calendar year, or (ii) the difference, expressed as a percentage, in CPI as determined by comparing the CPI in effect as of the Effective Date to the CPI in effect as of the date of the Fee Adjustment, without reference to any prior Fee Adjustment, if any. "**CPI**" means the National Consumer Price Index-All Urban Consumers-All Items (1982-1984 = 100) published by the U.S. Department of Labor (or if the CPI is no longer published, another substitute reference reasonably designated by us).

Brand Programs	Current Applicable Fees (Subject to Change)
Reservation System Maintenance Fee: Central Reservation System Services[4]	$150 per occurrence
Brand Conference[4]	$~~100~~250 per month (covers attendance for first attendee); $~~695~~795 per additional attendee

EXHIBIT A

TO THE FRANCHISE AGREEMENT

BETWEEN SONESTA RL HOTELS FRANCHISING INC.

AND

_____

(insert franchisee name)

1. **Form of Owner**.

(a) **Individual Proprietorship**. Your owner(s) (is) (are) as follows: _____
_____

(b) **Corporation, Limited Liability Company, or Partnership.** You were incorporated or formed on _____, under the laws of the State of _____ _____. You have not conducted business under any name other than your corporate, limited liability company, or partnership name unless indicated in the following: _____ _____. Your federal tax identification number is _____ _____. The following is a list of your directors, if applicable, and officers as of the effective date shown above:

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

2. **Owners**. The following identifies the owner that you have designated as, and that we approve to be, the Principal and lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	Percentage of Interest
Principal:	_____	_____%
Other Owners:	_____	_____%
	_____	_____%
	_____	_____%

3. **Your Notice Address**:

Physical Mailing Address: _____

Email Address: _____

4. ~~3.~~ **Hotel Trade Name**: _____

~~4. **Hotel Premises**:~~ _____

5. **Approved number of Guest Rooms**: _____

6. **Construction Work Commencement Date (if applicable)**: _____

7. **Construction Work Completion Date (if applicable)**: _____

8. **Opening Date**: _____

This Exhibit A is effective as of the Effective Date of the Franchise Agreement.

~~**SONESTA RL HOTELS FRANCHISING INC.**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

_____
~~**[Franchisee Name]**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Title: _____

_____
[Franchisee Name]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT B

Collateral Assignment of Online Presences

THIS COLLATERAL ASSIGNMENT ("**Assignment**") is entered into and made effective as of the Effective Date of the Franchise Agreement, in accordance with the terms of the Franchise Agreement ("**Franchise Agreement**") between **SONESTA RL HOTELS FRANCHISING INC.** ("**Franchisor**"), and ___ _____ ("**Franchisee**"), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a MOD A Sonesta Collection-branded hotel ("**Franchised Business**") located at _____ _____ ("**Hotel Premises**").

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor all websites, domain names, homepages, e-mail addresses, social media accounts, usernames, other online presence, or presence on any electronic, virtual, or digital medium of any kind (each an "**Online Presence**") associated with Franchisor's trademarks and service marks and used from time to time in connection with the operation of the Franchised Business at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the companies managing the Online Presences (the "**Service Providers**") and Franchisee's Internet service provider ("**ISP**") to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without extension), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Online Presences. In such event, Franchisee shall have no further right, title, or interest in the Online Presences, and shall remain liable to the Service Providers and the ISP for all past due fees owing to the Service Providers and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Online Presences, and Franchisee irrevocably appoints Franchisor as Franchisee's true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Service Providers and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Service Providers and the ISP to assign the Online Presences to Franchisor. If Franchisee fails to promptly direct the Service Providers and the ISP to assign the Online Presences to Franchisor, Franchisor shall direct the Service Providers and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Service Providers and the ISP may accept Franchisor's written direction, the Franchise Agreement, or this Assignment as conclusive proof of Franchisor's exclusive rights in and to the Online Presences upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon each Service Provider's and ISP's receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Service Provider or the ISP requires that the parties execute the Service Provider's or the ISP's assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor's execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee's consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

All rights of Franchisor shall inure to its benefit and to the benefit of its successors and assigns. Franchisor may assign its rights under this Agreement to any designee. This Assignment may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. The parties agree that scanned or electronic

signatures shall have the same effect and validity, and may be relied upon in the same manner, as original signatures.

THUS SIGNED this Assignment as of the Effective Date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.	_____ **[Franchisee Name]**
~~**SONESTA RL HOTELS FRANCHISING INC.**~~	_____ ~~**[Franchisee Name]**~~
~~By: _____~~ ~~Name: _____~~ ~~Title: _____~~	~~By: _____~~ ~~Name: _____~~ ~~Title: _____~~
By: _____ Name: _____ Title: _____	By: _____ Name: _____ Title: _____
	By: _____ Name: _____ Title: _____
	By: _____ Name: _____ Title: _____
	By: _____ Name: _____ Title: _____

EXHIBIT C

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given as of _____, by the undersigned.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "**Franchise Agreement**") on this date by **SONESTA RL HOTELS FRANCHISING INC.** ("**we**"), and, if ~~you~~Franchisee (defined below) and we are parties to a Development Incentive Promissory Note in connection with the Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "**Note**" and together with the Franchise Agreement referred to as the "**Agreements**"), as consideration for the Note, each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreements and afterward as provided in the Agreements, that _____ ("**Franchisee**") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreements and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality, and transfer requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreements; (5) this liability will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee, and his or her obligations to make payment or render performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency; and (6) at our request, the undersigned shall present updated financial information to us as reasonably necessary to demonstrate his or her ability to satisfy the financial obligations of Franchisee under the Agreements.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

The provisions contained in Section 17 (Enforcement) of the Franchise Agreement, including Section 17.F (Arbitration), Section 17.H (Consent to Jurisdiction) and Section 17.C (Costs and Attorneys' Fees) of the Franchise Agreement are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty.

Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor's account) to its owners, accountholders, or beneficiaries, for so long as such delinquency exists, subject to applicable law.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Franchise Agreement was executed.

GUARANTOR(S):

GUARANTOR(S)	
#1: Signature: _____ Name: _____ Address: _____ _____ Email: _____	**#2:** Signature: _____ Name: _____ Address: _____ _____ Email: _____
#3: Signature: _____ Name: _____ Address: _____ _____ Email: _____	**#4:** Signature: _____ Name: _____ Address: _____ _____ Email: _____

EXHIBIT D-1

Conversion Rider

THIS RIDER (the "**Rider**") is entered into and made effective as of the Effective Date of the Franchise Agreement in accordance with the terms of the Franchise Agreement signed concurrently herewith ("**Franchise Agreement**") by and between **SONESTA RL HOTELS FRANCHISING INC.**~~, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458~~ ("**we**," "**us**," or "**our**"), and _____ ~~, whose principal business address is~~ _____ ("**you**" or "**your**").

1. **Background**. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because you are converting an existing hotel into a Brand Hotel, pursuant to the Franchise Agreement. Capitalized terms used, but not defined, herein shall have the meanings given them in the Franchise Agreement.

2. **Interest in Premises**. You must deliver to us, prior to the Opening Date, and in any event no later than thirty (30) days after the Effective Date, either a deed reflecting your ownership of the Premises (the "**Deed**") or a copy of your lease for the Premises that allows you the right to enter into the Franchise Agreement (the "**Lease**"). If you fail to timely provide us the Deed or Lease, we may immediately terminate the Franchise Agreement. You represent and warrant that, throughout the Term of the Franchise Agreement, you will be entitled to possession of the Premises and your Hotel without restrictions that would interfere with your performance under the Franchise Agreement, subject to the reasonable requirements of any financing secured by your Hotel. You will provide us copies of all documentation reflecting your right to possession of the Premises at any time upon our request. Further, if you do not own the Premises, you must provide us with copies of any amendment, addendum, extension, or other modification to the Lease within five days following execution.

You acknowledge and agree that any of our involvement in the approval of location is for our sole benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors in connection with your purchase of the Premises or the Lease, as applicable.

3. **Property Improvement Plan**. You or your Principal and the Management Company, if applicable as provided under Section 8.D, will meet with us to conduct an initial inspection of the Premises and develop a property improvement plan (the "**PIP**") of improvements required to meet Brand Standards. We may assign you a project manager or onboarding specialist. The PIP is attached as Exhibit D-1(A) to the Franchise Agreement and is incorporated herein by reference. On or prior to the Renovation Work Completion Date (as defined below), you will cause the renovation and construction work required in the PIP (the "**Renovation Work**") to be completed. You agree, at your expense, to (1) obtain any and all required zoning changes, planning consents, building, utility, sign and business permits and licenses, liquor license and any other consents, permits and licenses necessary to lawfully open and operate your Hotel; (2) construct all required improvements in compliance with the PIP and any other construction plans and specifications approved by us; (3) decorate your Hotel in compliance with plans and specifications approved by us; and (4) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services. You agree to use the vendor(s) we select, if any (which may include us or our affiliates), for design, engineering, construction management and purchasing services in connection with the conversion of your Hotel.

4. **Plans and Designs**. You must submit to us your plans, layouts, specifications, and drawings for your Hotel (collectively, the "**Plans**"), and your plans, layouts, specifications, and drawings for the proposed furnishings, fixtures, equipment and décor of your Hotel (collectively, the "**Designs**") with respect to the Renovation Work. We may supply you with representative prototype guest room and public area plans and schematic building plans as a guide for preparation of the Plans and Designs. Our approval of such Plans and Designs does not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs, or the resulting Renovation Work. You

acknowledge and agree that you will not rely upon any approval we may provide you for the Plans or Designs for any purpose whatsoever except compliance with our then prevailing Brand Standards.

You are solely responsible for ensuring your Hotel and Renovation Work comply in all respects with all public laws, bylaws, statutes, ordinances, orders, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments and governmental authorities, which, now or hereafter, may apply to the construction, completion, equipping and opening of your Hotel and the operation of your Hotel, including environmental, zoning, building, and life safety. We have the right to, and you will arrange for us to, participate in all progress meetings during the Renovation Work and to have access to your Hotel during reasonable business hours to inspect your Hotel, its construction, renovations, completion, furnishing and equipping. However, we are not obligated to participate in such progress meetings, or to inspect your Hotel, and our participation and inspection is not to be considered as a representation of the adequacy of the construction, the structural integrity, or the sufficiency of mechanical and electrical systems for your Hotel or the Renovation Work. Upon completion of the Renovation Work and as a condition to opening of your Hotel under the Hotel Trade Name, if we so require, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with, or do not require compliance with, the Americans with Disabilities Act and its architectural guidelines and all state and local codes for accessible facilities.

5. **Commencement; Completion**. You must obtain all necessary insurance, including builder's risk, and all permits and certifications required for lawful renovation of your Hotel, including zoning, access, sign, building permits, and fire certifications, and if requested by us, you will provide us copies of all such certificates of insurance, permits, and certifications. You will continue the Renovation Work uninterrupted (except to the extent, and only while, continuation is rendered impossible by events beyond your control such as third party strikes; epidemics; pandemics; natural disasters including lightning strikes, hurricanes, earthquakes, tornadoes, landslides, or floods; war, whether declared or not; or governmental action or change in law ("**Force Majeure Events**")) until the Renovation Work is completed. For purposes of this Section, Force Majeure Events do not include your own financial inability, inability to obtain financing, inability to obtain permits or any other events unique to you or your Hotel. Notwithstanding any Force Majeure Event, or any other matter, the Renovation Work must be completed and your Hotel must be furnished, equipped, and comply with the Franchise Agreement and the Brand Standards no later than the date specified in the PIP (the "**Renovation Work Completion Date**"). If you want to request an extension of the Renovation Work Completion Date, you must submit to us a written request prior to such date; if we approve the extension request, we will provide you a written notice of approval, which notice will set the new Renovation Work Completion Date. You will notify us in writing upon your completion of the Renovation Work. We will have the sole right to determine whether the Renovation Work has been completed in accordance with the Franchise Agreement, the Brand Standards and the PIP. In addition to compliance with and completion of all pre-opening obligations in the Franchise Agreement, you will not open your Hotel under the Hotel Trade Name until we confirm in writing that the Renovation Work has been completed in compliance with the PIP or unless we have agreed otherwise in writing. If you fail to complete the Renovation Work by the Renovation Work Completion Date, it will be considered a default under Section 14.B.(2) of the Franchise Agreement.

6. **Opening**. You will not open your Hotel unless and until you receive our written authorization to do so. We will only authorize your Hotel to open when we, at our sole discretion, are satisfied that you have complied with all the terms and conditions set forth in the Franchise Agreement, including but not limited to Section 2.E, and this Rider. Opening your Hotel before we authorize you to open will constitute unauthorized use of the Marks and a material breach of the Franchise Agreement. If you open your Hotel prior to our authorization, you agree to pay to us damages as set forth in Section 14.G(3) of the Franchise Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Rider as of the Effective Date of the Franchise Agreement.

~~**SONESTA RL HOTELS FRANCHISING INC.**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

_____
~~**[Franchisee Name]**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Title: _____

_____
[Franchisee Name]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT D-1(A)

Property Improvement Plan

EXHIBIT D-2

New Construction Rider

THIS RIDER (the "**Rider**") is entered into and made effective as of the Effective Date of the Franchise Agreement in accordance with the terms of the Franchise Agreement signed concurrently herewith ("**Franchise Agreement**") by and between **SONESTA RL HOTELS FRANCHISING INC.**~~, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458~~ ("**we**," "**us**," or "**our**"), and _____ ~~, whose principal business address is~~ _____ ("**you**" or "**your**").

1. **Background**. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because you are constructing a new Brand Hotel, pursuant to the Franchise Agreement. Capitalized terms used, but not defined, herein shall have the meanings given them in the Franchise Agreement.

2. **Interest in Premises**. You must deliver to us, before you commence construction, and in any event no later than thirty (30) days after the Effective Date, either a deed reflecting your ownership of the Premises (the "**Deed**") or a copy of your lease for the Premises that allows you the right to enter into the Franchise Agreement (the "**Lease**"). If you fail to timely provide us the Deed or Lease, we may immediately terminate the Franchise Agreement. You represent and warrant that, throughout the Term of the Franchise Agreement, you will be entitled to possession of the Premises and your Hotel without restrictions that would interfere with your performance under the Franchise Agreement, subject to the reasonable requirements of any financing secured by your Hotel. You will provide us copies of all documentation reflecting your right to possession of the Premises at any time upon our request. Further, if you do not own the Premises, you must provide us with copies of any amendment, addendum, extension, or other modification to the Lease within five days following execution.

You acknowledge and agree that any of our involvement in the approval of location is for our sole benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors in connection with your purchase of the Premises or the Lease, as applicable.

3. **Construction Work.** You agree to take all action necessary to perform the development and construction of your Hotel, renovation, furnishing, equipping, acquisition of supplies and the implementation of the Plans (as defined below) ("**Construction Work**") all in accordance with the terms and conditions of the Franchise Agreement, within the time frames that we specify. You will be solely responsible for obtaining all necessary licenses, permits and zoning variances required for the Construction Work. Before you begin the Construction Work, you will submit copies of applicable permits, licenses and zoning variances to us for approval. We may assign you a project manager or onboarding specialist.

4. **Plans and Designs**. You must submit to us your plans, layouts, specifications, and drawings for your Hotel (collectively, the "**Plans**"), and your plans, layouts, specifications, and drawings for the proposed furnishings, fixtures, equipment and décor of your Hotel (collectively, the "**Designs**") with respect to the Construction Work. We may supply you with representative prototype guest room and public area plans and schematic building plans as a guide for preparation of the Plans and Designs. Our approval of such Plans and Designs does not warrant the depth of our analysis or assume any responsibility for the efficacy of the Plans and Designs, or the resulting Construction Work. You acknowledge and agree that you will not rely upon any approval we may provide you for the Plans or Designs for any purpose whatsoever except compliance with our then prevailing Brand Standards.

You are solely responsible for ensuring your Hotel and Construction Work comply in all respects with all public laws, bylaws, statutes, ordinances, orders, rules, regulations, permits, licenses, authorizations, directions and requirements of all governments and governmental authorities, which, now or hereafter, may apply to the construction, completion, equipping and opening of your Hotel and the operation of your Hotel, including environmental, zoning, building, and life safety. We have the right to,

and you will arrange for us to, participate in all progress meetings during the Construction Work and to have access to your Hotel during reasonable business hours to inspect your Hotel, its construction, renovations, completion, furnishing and equipping. However, we are not obligated to participate in such progress meetings, or to inspect your Hotel, and our participation and inspection is not to be considered as a representation of the adequacy of the construction, the structural integrity, or the sufficiency of mechanical and electrical systems for your Hotel or the Construction Work. Upon completion of the Construction Work and as a condition to opening of your Hotel under the Hotel Trade Name, if we so require, your architect, general contractor or other certified professional must provide us with a certificate stating that the as-built premises comply with, or do not require compliance with, the Americans with Disabilities Act and its architectural guidelines and all state and local codes for accessible facilities.

5. **Commencement; Completion**. You must obtain all necessary insurance, including builder's risk, and all permits and certifications required for lawful construction of your Hotel, including zoning, access, sign, building permits, and fire certifications, and if requested by us, you will provide us copies of all such certificates of insurance, permits, and certifications. You must commence construction of your Hotel within 18 months of the Effective Date of the Franchise Agreement unless a different date is specified in Exhibit A to the Franchise Agreement (the "**Construction Work Commencement Date**"). If you do not commence the Construction Work by the Construction Work Commencement Date, you must submit to us a written request to extend the Construction Work Commencement Date, together with a payment to us in the amount of $5,000; if we approve the extension request, we will provide you a written notice of approval, which notice will set the new Construction Work Commencement Date. You will continue the Construction Work uninterrupted (except to the extent, and only while, continuation is rendered impossible by events beyond your control such as third party strikes; epidemics; pandemics; natural disasters including lightning strikes, hurricanes, earthquakes, tornadoes, landslides, or floods; war, whether declared or not; or governmental action or change in law ("**Force Majeure Events**")) until the Construction Work is completed. For purposes of this Section, Force Majeure Events do not include your own financial inability, inability to obtain financing, inability to obtain permits or any other events unique to you or your Hotel. Notwithstanding any Force Majeure Event, or any other matter, the Construction Work must be completed and your Hotel must be furnished, equipped, and comply with the Franchise Agreement and the Brand Standards no later than the date specified by us in writing (the "**Construction Work Completion Date**"). If you want to request an extension of the Construction Work Completion Date, you must submit to us a written request prior to such date; if we approve the extension request, we will provide you a written notice of approval, which notice will set the new Construction Work Completion Date. You will notify us in writing upon your completion of the Construction Work. We will have the sole right to determine whether the Construction Work has been completed in accordance with the Franchise Agreement and the Brand Standards. In addition to compliance with and completion of all pre-opening obligations in the Franchise Agreement, you will not open your Hotel under the Hotel Trade Name until we confirm in writing that the Construction Work has been completed to our satisfaction in our sole discretion. If you fail to commence construction by the Construction Work Commencement Date, or if you fail to complete the Construction Work by the Construction Work Completion Date, it will be considered a default under Section 14.B.(2) of the Franchise Agreement.

6. **Opening**. You must complete construction of your Hotel and open for business within 18 months of breaking ground on your Hotel, and in any event, no later than 36 months from the Effective Date, unless a different date is specified in Exhibit A to the Franchise Agreement. However, you will not open your Hotel unless and until you receive our written authorization to do so. We will only authorize your Hotel to open when we, at our sole discretion, are satisfied that you have complied with all the terms and conditions set forth in the Franchise Agreement, including but not limited to Section 2.E, and this Rider. Opening your Hotel before we authorize you to open will constitute unauthorized use of the Marks and a material breach of the Franchise Agreement. If you open your Hotel prior to our authorization, you agree to pay to us damages as set forth in Section 14.G(3) of the Franchise Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed this Rider as of the Effective Date of the Franchise Agreement.

~~**SONESTA RL HOTELS FRANCHISING INC.**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

_____
~~**[Franchisee Name]**~~

~~By:~~ _____
~~Name:~~ _____
~~Title:~~ _____

SONESTA RL HOTELS FRANCHISING INC.

~~By:~~ _____
Name: _____
Title: _____

_____
[Franchisee Name]

~~By:~~ _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT E

DEVELOPMENT INCENTIVE PROMISSORY NOTE

DEVELOPMENT INCENTIVE PROMISSORY NOTE

$_____ Newton, Massachusetts
Issue Date: _____

FOR VALUE RECEIVED, the undersigned, [_____] ("**Maker**"), promises to pay **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation ("**Holder**"), the principal sum of [_____]($_____) (the "**Principal**") pursuant to that certain franchise agreement between the Maker and the Holder (as amended, the "**Agreement**") pertaining to the hotel located at [_____] (the "**Hotel**"), which amount shall bear no interest unless Maker defaults under the Agreement or this Note is accelerated. The capitalized terms not defined in this Development Incentive Promissory Note (the "**Note**") shall have the meanings given to them in the Agreement.

1. **Disbursement**. ~~Provided Maker is in compliance with~~Subject to the terms and conditions of the Agreement~~,~~ and ~~all required parties have executed a guaranty in a form acceptable to Holder~~this Note, Holder has agreed to provide a financial contribution to Maker in the principal amount of this Note to assist Maker with the development or conversion of the Hotel to a Brand Hotel. The Principal will be distributed to Maker ([each, a] "**Disbursement**") [within forty-five (45) days ~~of~~after the Opening Date~~, provided~~] [in installments as of the dates set forth on Schedule A hereto] subject to the Disbursement Conditions. "**Disbursement Conditions**" shall mean, with respect to and as of the date of each Disbursement, if applicable, Maker has open~~s~~ed and is operating the Hotel in accordance with the Agreement~~.~~; Maker and each of its guarantor's creditworthiness and financial condition is satisfactory to Holder in Holder's sole discretion; from the Opening Date through such Disbursement, there has been no material adverse change to the Hotel (including, but not limited to a decrease in Guest Rooms); Maker is in compliance with the terms and conditions of the Agreement, this Note, and any other agreement between Maker and Holder or its affiliates; and all required parties have executed a guaranty in a form acceptable to Holder.

2. **Repayment Terms; Forgiveness of Debt**. Maker will become subject to the obligation to repay or discharge this Note upon receipt of the Principal. [After the Principal is funded][After the final Disbursement], [____ percent (__%)] of the original principal amount will be forgiven without payment on each anniversary of the Opening Date, provided that no Acceleration Event (defined below) has occurred and Maker is in full compliance with the Agreement and any other agreement between Maker and Holder or its affiliates. The Maker's obligation to repay the Principal will cease and this Note will be canceled and discharged if and when the Principal is completely forgiven. Maker shall be solely responsible for the tax consequences, if any, of any debt forgiveness, and a Form 1099-C, Cancellation of Debt, may be filed by Holder with the Internal Revenue Service, with a copy provided to Maker. If this Note is accelerated and not paid in full within ten (10) days after it becomes due, the outstanding principal balance shall bear simple interest at a rate equal to the lesser of eighteen (18%) percent per annum or the highest rate allowed by applicable law. All payments owed under this Note shall be payable in US$ by ACH to the account designated by Holder, or by such other payment method as Holder may designate in writing.

3. **Acceleration**. This Note shall be accelerated on the occurrence of any of the following events (each, an "**Acceleration Event**"): (i) any representation or warranty made in connection with this Note, your application, the Agreement, or in any report or other information later submitted to the Holder that is, in the Holder's opinion, false, misleading or incorrect in any material respect; (ii) termination of the Agreement for any reason; (iii) any breach of the Agreement or this Note, whether Maker is notified of or cures such breach; (iv) transfer of any interest in the Agreement whereby the transferee does not assume Maker's obligation under this Note in a form acceptable to Holder upon transfer; (v) Maker loses ownership or possession of the Premises, or otherwise loses the right to conduct the franchised business at the Hotel; (vi) any ownership interest of the Maker is transferred or conveyed, whether directly or indirectly, or an owner of the Maker enters into an agreement or understanding for such a transfer or conveyance; (vii) if any proceedings for the appointment of a receiver or other custodian or seeking marshaling or composition of or for Maker's business or assets is filed in any court, or otherwise commenced in accordance with applicable law, and is not dismissed within forty-five (45) days; or (viii) any of the events described in this Section 3 occur with respect to any affiliate of the Maker that is a party to an agreement with the Holder. Should an Acceleration Event occur, the unamortized Principal shall become immediately due and payable without further notice and, if applicable, Maker will have no obligation to make any additional Disbursement. Maker may prepay this Note at any time without penalty.

4. **General**.

a. This Note is not intended to be exhaustive in nature, nor is it intended to set forth all of Holder's rights. It does not modify, replace, or affect any other rights, default or termination notices under the Agreement, or any other agreement with Holder regarding Maker's Hotel. Holder does not waive any of its legal or equitable rights (including the right to specify additional defaults) or remedies.

b. No failure or delay by Holder to insist on strict performance of any term of this Note or exercise any right or remedy upon the occurrence of an Acceleration Event or any other breach of this Note, is a waiver of any term or agreement or of any breach, or precludes Holder from exercising any right or remedy at any later time unless in writing. If Holder accepts any payment after its due date, this act will not be a waiver of Holder's right to receive payment of all other amounts or to declare a default for the failure to make any other payment when due. Any partial payments under this Note may be applied to pay interest, the principal amount, or costs as Holder, in its sole discretion determines. No amendment to or modification of this Note shall be binding on Holder unless in writing and signed by Holder.

c. If any provision (or any part of any provision) in this Note is for any reason held to be invalid, illegal or unenforceable in any respect, the invalidity, illegality or unenforceability will not affect any other provision (or remaining part of the affected provision) of this Note, and this Note will be construed as if the invalid, illegal or unenforceable provision (or part of this Note) had never been contained in this Note but only to the extent it is invalid, illegal or unenforceable.

d. As used in this Note, the term "Holder" shall include any subsequent holder of or participant in this Note. Holder may assign this Note in whole or in part. Holder may make available to any proposed assignee or participant all credit and financial data with respect to Maker as may be in the possession of Holder. Maker agrees to provide any additional information that any proposed assignee or participant may reasonably request.

e. If this Note is collected through an attorney at law, Holder shall be entitled to collect reasonable attorneys' fees and all costs of collection. Each maker, endorser, guarantor or accommodation party liable for this Note waives presentment, demand, notice of demand, protest, notice of protest, notice of non-payment, notice of dishonor and diligence in collection. Holder reserves the right to modify the terms of this Note, grant extensions, renewals, releases, discharges, compositions and compromises with any party liable on this Note, with or without notice to or the consent of, or discharging or affecting the obligations of any other party liable under this instrument. This Note is being delivered in, is intended to be performed in, shall be construed and interpreted in accordance with, and be governed by the internal laws of, the Commonwealth of Massachusetts, without regard to principles of conflict of laws. Any legal action necessary to enforce the terms of this Note may be brought by the Holder in the Commonwealth of Massachusetts and the Maker hereby submits to the jurisdiction of any federal or state court in the Commonwealth of Massachusetts. Any default under the terms of the Agreement or this Note shall be deemed a default of the Agreement and this Note and the Holder may pursue its remedies as available under the Agreement and this Note.

f. THE MAKER AND THE HOLDER HEREBY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO WHICH THE MAKER AND THE HOLDER MAY BE PARTIES, ARISING OUT OF OR IN ANY WAY PERTAINING TO THIS NOTE. IT IS AGREED AND UNDERSTOOD THAT THIS WAIVER CONSTITUTES A WAIVER OF TRIAL BY JURY OF ALL CLAIMS AGAINST ALL PARTIES TO SUCH ACTIONS OR PROCEEDINGS, INCLUDING CLAIMS AGAINST PARTIES WHO ARE NOT PARTIES TO THIS NOTE.

g. You agree to keep the provisions of this Note in strict confidence and will not disclose them to any persons other than your directors, officers, partners, employees agents and advisors that have a need to know.

h. This Note may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

In Witness Whereof, Maker acknowledges and agrees to the terms of this Note as evidenced by its signature under seal as of the day and year first above written.

The repayment of the debt evidenced by this Note is personally guaranteed by [_____] by virtue of a Guaranty and Assumption of Obligations attached to the Agreement as Exhibit C and executed on even date herewith.

MAKER:

[_____]

By: _____

Date: _____

Schedule A

EXHIBIT F

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED IN, YOUR HOTEL WILL BE LOCATED IN, OR THE FRANCHISE GRANTED IS SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

The purpose of this Statement is to demonstrate to Sonesta RL Hotels Franchising Inc. ("Franchisor") that the person(s) signing below ("I," "me" or "my"), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a franchise to operate as a MOD A Sonesta Collection-branded hotel is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor's Franchise Disclosure Document and Exhibits (collectively, the "FDD") in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED. Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)? Yes No (Initial Here: ____) If you selected "Yes," please describe the information you received on the lines below: _____ _____	~~INITIAL:~~

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;

2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;

3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or

4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

This Statement does not waive any liability the Franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature page follows]

FRANCHISEE:

Sign here if you are taking the franchise as an
INDIVIDUAL(S)
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

_____
Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP

_____
Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT G

SAMPLE GENERAL RELEASE

SONESTA RL HOTELS FRANCHISING INC.

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Sonesta RL Hotels Franchising Inc. ("we," "us," or "our") and the undersigned franchisee, _____ _____ _____ ("you" or "your"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated _____. You have asked us to take the following action or to agree to the following request: [insert as appropriate]_____ _____ _____ _____ _____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former parents, affiliates, and subsidiaries, and your and each of the foregoing person's or entity's respective agents, spouses, heirs, executors, administrators, principals, attorneys, partners, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "Releasing Parties"), hereby fully and forever unconditionally release and discharge us and our current and former parents, subsidiaries, and affiliates, and our and each of such foregoing entity's respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (collectively, the "Sonesta RL Parties") of and from any and all claims, demands, causes of action, suits, duties, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever (collectively, "Claims") whether at law or in equity, and known or unknown, that any of the Releasing Parties now has, ever had, or, but for this document, hereafter would or could have against any of the Sonesta RL Parties, including, without limitation, Claims arising out of or relating to any relationship or transaction with any of the Sonesta RL Parties, however characterized or described, from the beginning of time until the date of your signature below, including, without limitation, any and all Claims in any way arising out of or relating to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of your Hotel that you operate under the Franchise Agreement. You, on behalf of yourself and the other Releasing Parties, further covenant not to sue any of the Sonesta RL Parties on any of the Claims released by this paragraph, and warrant and represent that the Releasing Parties have not assigned or otherwise transferred any Claims released by this paragraph.

We also are entitled to a release and covenant not to sue from your owners. By his, her or their separate signatures below, your owners likewise grant to us the release and covenant not to sue provided above.

IF YOUR HOTEL YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE SONESTA RL PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT

IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE SONESTA RL PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE 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."

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU 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.

If your Hotel is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 *et seq*, governs the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If your Hotel is located in Washington or if you are a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date set forth next to their respective signatures.

SONESTA RL HOTELS FRANCHISING INC.

Print Name:_____

Title:_____

By:_____ Date:_____

FRANCHISEE

_____

Print Name:_____

Title:_____

By:_____ Date:_____

FRANCHISEE OWNER

Print Name:_____

Title:_____

By:_____ Date:_____

Print Name:_____

Title:_____

By:_____ Date:_____

EXHIBIT H

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EXHIBIT I

AGREEMENT AND CONSENT TO TRANSFER

AGREEMENT AND CONSENT TO TRANSFER

THIS AGREEMENT AND CONSENT TO TRANSFER (the "**Agreement**") is made as of the Effective Date by and between **Sonesta RL Hotels Franchising Inc.** ("**we**" or "**us**"), _____, a [corporation/limited liability company] whose address is _____ ("**Assignor**"), _____, [an] individual[s] and [sole] owner[s] of Assignor ("**Assignor Owner[s]**"), _____, a [corporation/limited liability company] whose address is _____ ("**Assignee**"), and _____, [an] individual[s] and [sole] owner[s] of Assignee ("**Assignee Owner[s]**"). Assignor and Assignor Owner[s] are collectively referred to as the "**Assignor Parties**." Assignee and Assignee Owner[s] are collectively referred to as the "**Assignee Parties**." The Assignor Parties and the Assignee Parties are collectively referred to as the "**Franchisee Parties**." The "**Effective Date**" is the date on which we sign this Agreement as shown beneath our signature on the signature page of this Agreement.

RECITALS

A. We and Assignor are parties to that certain franchise agreement dated _____ (the "**Existing Franchise Agreement**"), pursuant to which Assignor was granted, and assumed the obligation, to own and operate a MOD A Sonesta Collection-branded hotel located at _____ (the "**Hotel**") operating under the Hotel Trade Name _____.

B. Assignor intends to sell to Assignee, and Assignee intends to purchase, the assets of the Hotel and the underlying [premises lease] [real estate] for the Hotel (collectively, the "**Transfer**"). Franchisee Parties expect to consummate the Transfer on _____ but shall be no later than _____ (the "**Outside Date**"). The date that Franchisee Parties actually consummate the Transfer shall be deemed the "**Closing Date**."

C. Under the Existing Franchise Agreement, we have a right of first refusal with respect to the proposed Transfer, and the proposed Transfer requires our prior consent. The Franchisee Parties have requested we waive our right of first refusal and to consent to the Transfer and we are willing to do so on the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Existing Franchise Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Consent to Transfer and Waivers**. By executing this Agreement and subject to the terms and conditions contained herein, we consent to the Transfer and waive our right of first refusal with respect to the Transfer. Our consent to the Transfer, and the waiver contained in this paragraph applies solely to the Transfer as described in this Agreement. We reserve all rights with respect to any subsequent transfer to which rights would apply under the Existing Franchise Agreement or the New Franchise Agreement (defined in Section 4 below). Notwithstanding the foregoing, if any term or condition of this Consent is not met by the Franchisee Parties as of the Closing Date (including any representation or warrant that is not true as of the Effective Date or the Closing Date), or the Transfer is not consummated on or before the Outside Date, we may terminate this Agreement and withdraw our consent to the Transfer.

2. **Representations and Warranties**. The Franchisee Parties, as indicated below, make the following representations and warranties to us as of the Effective Date and as of the Closing Date:

   (a) Assignor Parties each, jointly and severally, represent and warrant that: (i) Assignor is a [corporation / limited liability company] that was formed and is in good standing under the laws of the State of _____, (ii) Assignor Owner[s] [is/are] the sole owner[s] of

Assignor and are duly authorized to sign on behalf of Assignor, (iii) Assignor is the sole owner of the Hotel, (iv) the Hotel's assets are free and clear of all liens, (v) Assignor has not previously transferred or assigned the Existing Franchise Agreement, (vi) Assignor is the sole [tenant under the real property lease for the premises occupied by the Hotel (the "**Lease**")][owner of the real estate for the premises occupied by the Hotel (the "**Real Estate**")]; (vii) Assignor Parties, and on behalf of themselves and their employees, contractors and agents, have not used, disclosed or made unauthorized copies of our or our affiliates' confidential materials or proprietary information, or shared any access codes to any of our or our affiliates' electronic information and secure websites; (viii) Assignor Parties have not filed a lawsuit or arbitration demand against us, our parent companies or affiliates and have not filed a proceeding, complaint or notice regarding the Hotel, the Existing Franchise Agreement, or us with any federal, state or local regulatory or law enforcement agency, including without limitation, the Federal Trade Commission; and (xi) Assignor Parties are not the subject of any bankruptcy, receivership, composition, assignment or similar proceeding; and

(b) Assignee Parties each, jointly and severally, represent and warrant that: (i) Assignee is a [corporation / limited liability company] that was formed and is in good standing under the laws of the State of _____, and (ii) Assignee[s] [is/are] the sole owner[s] of Assignee.

3. **Termination of Existing Franchise Agreement**. Franchisee Parties agree that the Existing Franchise Agreement is terminated as of the Closing Date and shall thereafter be of no further force or effect except as provided in this Agreement. Notwithstanding the foregoing, Assignor Parties acknowledge that (a) the termination does not affect any obligations under the Existing Franchise Agreement that arose or accrued prior to the Closing Date, and (b) the termination does not affect or release Assignor Parties from, and Assignor Parties hereby agree to comply with, any obligations under the Existing Franchise Agreement that, either expressly or by their nature are intended to survive termination of the Existing Franchise Agreement, including, for example, the post-termination obligations (except those obligations pertaining to the de-imaging of the Hotel) and indemnification obligations with respect to claims arising from or based on events which occurred prior to termination.

4. **New Franchise Agreement**. Assignee shall, concurrently with the execution of this Agreement, execute our current form of franchise agreement and related agreements (to reflect that the agreement is executed in connection with a transfer of the rights under the Existing Franchise Agreement) (the "**New Franchise Agreement**"), and Assignee Owner[s] shall execute the Guaranty and Assumption of Obligations attached thereto. The New Franchise Agreement will govern Assignee's ownership and operation of the Hotel from and after the Closing Date. If the Transfer is not consummated on or prior to the Outside Date, and we terminate this Agreement and withdraw our consent to the Transfer, then Assignee acknowledges and agrees that the New Franchise Agreement becomes null and void.

5. **Conditions to Consent**. Our consent to the Transfer is conditioned on all of the following terms and conditions being met on or prior to the Closing Date:

(a) All of the representations and warranties made in this Agreement by the Franchisee Parties must be true and correct as of the Closing Date, and the Franchisee Parties further represent and warrant that, upon the consummation of the Transfer: (i) the Hotel's assets and the [Real Estate / Lease] will be held solely in the name of the Assignee, [and] (ii) neither Assignor nor Assignor Owner[s] provides Assignee or Assignee Owner[s] with any financing in connection with the Transfer[, and (iii) under the Lease, Assignee will have the right to occupy the Hotel's premises during the entire term of the New Franchise Agreement];

(b) Assignee Parties deliver to us a fully executed New Franchise Agreement and Guaranty and Assumption of Obligations;

(c) Franchisee Parties must provide us with executed versions of any other documents executed by Franchisee Parties to effect the Transfer, and all other information we request about the proposed Transfer, and such Transfer meets all of our requirements and will not adversely affect Assignee's operation of the Hotel;

(d) If the proposed Transfer requires notice to or approval from any landlord, vendor, lender or governmental authority, the Franchisee Parties have taken such appropriate action and provided us with evidence of the same;

(e) Assignor pays or causes to be paid to us a transfer fee of $_____, as required under the Existing Franchise Agreement, which shall be fully earned by us and is non-refundable;

(f) Assignor pays or causes to be paid to us $_____, representing the amounts due and owing to us through the Closing Date, including but not limited to any past due amounts related to [insert as applicable]; and

(g) Franchisee Parties provide us with any other evidence that we reasonably request to show that appropriate measures have been taken to effect the Transfer (including, by obtaining new insurance policies and business licenses) and that Franchisee Parties have the ability to satisfy their obligations under this Agreement, the Existing Franchise Agreement or New Franchise Agreement (as applicable), any and all guarantees thereof, and any related documents executed in connection with any of the foregoing.

6. **Financing**. Regardless of any provision in any other agreement between any of the Franchisee Parties, if Assignor Parties provide financing for any part of any consideration given or to be given by Assignee Parties for the Transfer, Assignor Parties agree that all of Assignee Parties' and/or their affiliates' obligations under promissory notes, agreements, or security interests reserved in the Hotel are subordinate to our rights and Assignee's obligations under the New Franchise Agreement and any guaranty executed by the Assignee Owner[s] pursuant thereto.

7. **Release**. The Franchisee Parties, and each of them, on behalf of themselves and their respective current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), hereby fully and forever unconditionally release and discharge us and our current and former parents, subsidiaries, and affiliates, and our and each such foregoing entity's 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, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Claims**"), whether at law or in equity, and known or unknown, which any of the Releasing Parties had, has, or may have had, in any way arising out of or relating to any relationship or transaction with any of the Released Parties, however characterized or described, from the beginning of time until the date set forth below each of the Franchisee Parties' signature to this Agreement, including, without limitation, any and all Claims in any way arising out of or relating to the Existing Franchise Agreement, this Agreement, the relationships created by any of the foregoing, or the development, ownership, or operation of the Hotel, or any other agreements entered into between any of the Released Parties and any of the Releasing Parties. The Releasing Parties further covenant not to sue any of the Released Parties on any of the Claims released by this Section, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this Section.

If the Hotel is located in California or if any of the Franchisee Parties are residents of California, the following shall apply:

Section 1542 Acknowledgment. It is the Franchisee Parties' intention, on their own behalf and on behalf of the Releasing Parties, in executing this release that this Section be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by the Franchisee Parties or the Releasing Parties. The Franchisee Parties recognize that they or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is the Franchisee Parties' intention, on their own behalf and on behalf of the Releasing Parties, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it

against the Released Parties. In furtherance of this intention, the Franchisee Parties, on their own behalf and on behalf of the 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.**"

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.

If the Hotel is located in Maryland or if any Franchisee Party is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq, governs the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If the Hotel is located in Washington or if any Franchisee Party is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. **Acknowledgment**. In agreeing to the Transfer and entering into this Agreement, the Franchisee Parties acknowledge that: (a) they are relying upon their own judgment regarding the suitability of the terms they have negotiated among themselves; (b) they have read, understand, and fully agree to the terms of this Agreement; (c) they have had the time and opportunity to review this Agreement with counsel of their choice; (d) we have made no promise, inducement or agreement or any representations and warranties not expressed herein to procure their agreement hereto; and (e) our sole role in connection with the Transfer has been to exercise our right under the Existing Franchise Agreement to consent to the Transfer, and if we reviewed certain agreements between or among the Franchisee Parties, neither such review nor the execution of this Agreement shall be deemed our approval or endorsement of such documents (or the terms therein) or a modification of any agreement between us or any Franchisee Party.

9. **Governing Law; Dispute Resolution**. This Agreement will be construed and enforced in accordance with, and is governed by, the laws of the Commonwealth of Massachusetts and any disputes arising hereunder shall otherwise be resolved pursuant to Section 17 (Enforcement) of the Existing Franchise Agreement. Each party hereby irrevocably submits to, and waives any objection it might have to, jurisdiction of and venue in the courts of general jurisdiction nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts).

10. **Attorneys' Fees**. Each party shall be responsible for their own costs and fees associated with the preparation of this Agreement. However, in the event of a dispute arising under this Agreement, the prevailing party in such dispute shall be entitled to an award of reasonable attorneys' fees, costs and expert witness fees.

11. **Confidentiality of this Agreement**. The Franchisee Parties agree that the existence of this Agreement and its terms are strictly confidential and that, therefore, the Franchisee Parties and the other Releasing Parties shall not provide or disclose to any third party, unless authorized in writing to do so by us or properly directed or ordered to do so by public authority, any information regarding the existence of this Agreement, the terms or conditions contained in this Agreement, or any dealings or negotiations with us or any of the Released Parties related to this Agreement.

12. **Non-Disparagement**. Franchisee Parties agree not to disparage or otherwise speak or write negatively, directly or indirectly, of us or any of the Released Parties, the MOD A Sonesta Collection brand, the Franchise System, or any other service-marked or trademarked concept of ours or of any Released Party, or which would subject the MOD A Sonesta Collection brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact our goodwill or that of the MOD A Sonesta Collection brand.

13. **Miscellaneous Provisions**. This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via email, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties have signed this Agreement on the dates shown below and made effective as of the Effective Date.

SONESTA RL HOTELS FRANCHISING INC.

By:_____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

ASSIGNOR

By:_____
Name:_____
Title:_____

ASSIGNOR OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

ASSIGNEE

By:_____
Name:_____
Title:_____

ASSIGNEE OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

EXHIBIT J

LIST OF FRANCHISEES

LIST OF OPERATIONAL MOD A SONESTA COLLECTION FRANCHISEES AS OF 12/31/2024

Company	Address	City	State	Zip	Phone
Beltway Hotel, LP	6855 W. Sam Houston Pkwy S	Houston	TX	77072	713-270-6100

LIST OF MOD A SONESTA COLLECTION SIGNED BUT NOT YET OPEN AS OF 12/31/2024

None.

EXHIBIT ~~J~~K

STATE ADDENDA AND AGREEMENT RIDERS

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF SONESTA RL HOTELS FRANCHISING INC.

The following are additional disclosures for the Franchise Disclosure Document of SONESTA RL HOTELS FRANCHISING INC. required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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.

CALIFORNIA

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

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A FRANCHISE DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.sonesta.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. The following statement is added to the end of Item 3:

> Neither we, our parent, predecessor or affiliate nor any person in Item 2 of the Franchise 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

5. The following statement is added to: (i) the Remarks column of Item 6 for the rows entitled **Late Payment Charge**, and (ii) the end of Item 10:

> The highest rate of interest allowed by California law is 10% annually.

6. The following paragraphs are added to the end of Item 17:

> The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

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

The Franchise Agreement requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.

The Franchise Agreement requires binding arbitration. The arbitration will be conducted at a suitable location chosen by the arbitrator that is within a 50 mile radius of our or, as applicable, our successor's or assign's then current principal place of business (currently Newton, Massachusetts) with the costs being borne as provided in the Franchise Agreement. 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 the Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims on renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable: (a) representations made by the franchisor or its personnel or agents to a prospective franchisee; (b) reliance by a franchisee on any representations made by the franchisor or its personnel or agents; (c) reliance by a franchisee on the franchise disclosure document, including any exhibit thereto; or (d) violations of any provision of this division.

HAWAII

1. 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.

2. **THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

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 OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR 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.

ILLINOIS

1. The "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**, and the "Summary" section of Item 17(v), entitled **Choice of forum**, are deleted and replaced with the following:

> Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

2. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

> Except for U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

3. The following paragraphs are added to the end of Item 17:

> Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.
>
> Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

MARYLAND

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

> However, under COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

2. The following is added to the end of the "Summary" section of Item 17(h), entitled "**Cause" defined – non-curable defaults**:

> The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, are amended to add the following:

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

4. The following language is added to the end of the chart in Item 17:

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

MINNESOTA

1. **Other Fees**. The following is added to the Item 6 line item of the Franchise Disclosure Document entitled **Late Payment Charge**:

Notwithstanding the foregoing, checks returned for insufficient funds are governed by Minnesota Statute 604.113, which caps service charges at $30.00 per occurrence. Additionally the provisions of Minnesota Statute 604.113 with respect to notice, interest, and attorneys' fees shall apply with respect to checks returned for insufficient funds.

2. The Item 6 line items of the Franchise Disclosure Document entitled **Lost Revenue Damages**, **Pre-Opening Damages** and **Unauthorized Opening Damages** will not be enforced to the extent prohibited by applicable law.

3. **Renewal, Termination, Transfer and Dispute Resolution**. The following is added to the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subs. 3, 4, and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

NORTH DAKOTA

1. The Item 6 line items of the Franchise Disclosure Document entitled **Lost Revenue Damages**, **Pre-Opening Damages** and **Unauthorized Opening Damages** will not be enforced to the extent prohibited by applicable law.

2. The following is added to the “Remarks” section of the Item 6 line item entitled **Default Remedies**:

Sections of the Franchise Disclosure Document requiring you to pay all costs and expenses incurred by us in enforcing the Franchise Agreement may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

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

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. The following is added to the end of the "Summary" section of Item 17(i), entitled **Franchisee’s obligations on termination/non-renewal**:

The requirement to pay damages will not be enforced to the extent prohibited by applicable law.

5. The following is added to the end of the "Summary" section of Item 17(u), entitled **Dispute resolution by arbitration or mediation**:

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

6. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

Subject to the arbitration requirement, litigation must be brought in the court nearest to our or, as applicable, our successor’s or assign’s then current principal place of business (currently, Newton, Massachusetts), except that, to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota.

7. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the Commonwealth of Massachusetts will apply.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

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.”

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

> 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 grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON

1. The following language is added to the Special Risks to Consider About This Franchise page:

> **Use of Franchise Brokers**. The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

2. The following language is added to the "Remarks" section of the Item 6 line item of the Franchise Disclosure Document entitled **Lost Revenue Damages**:

> We will allocate the portion of the Lost Revenue Damages attributable to Brand Promotion Fund contributions to the Brand Promotion Fund.

3. The following paragraph is added at the end of Item 17:

> In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act ~~(the "Act")~~, ~~C~~chapter 19.100 RCW~~, shall~~ will prevail.
>
> RCW 19.100.180 may supersede ~~the Franchise Agreement in~~provisions in the franchise agreement or related agreements concerning your relationship with ~~us~~the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which~~that supersede the ~~F~~franchise ~~A~~agreement ~~in~~or related agreements concerning your relationship with ~~us~~the franchisor. Franchise agreement provisions, including ~~the areas of termination and renewal of your~~those summarized in Item 17 of the ~~f~~Franchise Disclosure Document, are subject to state law.
>
> In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the ~~S~~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 ~~F~~franchise ~~A~~agreement~~, you~~, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
>
> A release or waiver of rights ~~executed by you may not include rights under the~~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 ~~Franchise A~~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).

Provisions ~~such as those which~~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, ~~might~~may not be enforceable.

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

The franchisee may terminate the franchise agreement under any grounds permitted under state law.

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).

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 may be 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).

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.

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 gross negligence, willful misconduct, strict liability, or fraud.

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.

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~~s~~ contained in the ~~F~~franchise ~~A~~agreement or elsewhere that conflict~~s~~ with these limitations ~~are~~is void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions

contained in the ~~F~~franchise ~~A~~agreement or elsewhere are void and unenforceable in Washington.

~~The Franchise Disclosure Document does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

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.

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).

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.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Hotel that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW**. The first sentence of Section 17.G of the Franchise Agreement is deleted and replaced with the following:

> G. **Governing Law.** Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, this Agreement or any related agreements, the Franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees), whether couched in tort or contract, will be governed by the laws of the State of Illinois.

3. **CONSENT TO JURISDICTION**. Section 17.H of the Franchise Agreement is deleted in its entirety.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL, AND CLASS ACTION**. The following language is added to the end of Section 17.I of the Franchise Agreement:

> **HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609, OR ANY OTHER LAW OF THE STATE OF ILLINOIS, TO THE EXTENT APPLICABLE.**

5. **LIMITATIONS OF CLAIMS**. The following language is added to the end of Section 17.L of the Franchise Agreement:

> However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

6. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 17.P of the Franchise Agreement:

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

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

[Franchisee Name]

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Hotel that you will operate under the Franchise Agreement will be located in Maryland.

2. **REPRESENTATIONS AND WARRANTIES: FURTHER ASSURANCES**. The following is added to the end of Section 1.D of the Franchise Agreement:

> The acknowledgements or representations of the franchisee made in this Agreement which disclaim the occurrence and/or acknowledge the non-occurrence of acts that could constitute a violation of the Franchise Law are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

3. **RELEASES.** The following is added to the end of Sections 12.C(11) and 13.C of the Franchise Agreement:

> Pursuant to COMAR 02.02.08.16L, any release required as a condition of renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **INSOLVENCY**. The following is added to the end of Sections 14.B.(2).c and 14.B.(2).e of the Franchise Agreement:

> ; however, we and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **GOVERNING LAW**. The following is added to the end of Section 17.G of the Franchise Agreement:

> Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **CONSENT TO JURISDICTION**. The following is added to the end of Section 17.H of the Franchise Agreement:

> Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 17.J of the Franchise Agreement:

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

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Hotel that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **INTEREST ON LATE PAYMENTS**. The following is added to the end of Section 3.1 of the Franchise Agreement:

> Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113, service charges for any check returned for insufficient funds will be limited to $30.00 per occurrence, and the provisions of Minnesota Statute 604.113 with respect to notice, interest, and attorneys' fees shall apply with respect to checks returned for insufficient funds.

3. **TRADEMARK DISPUTES**. The following is added to the end of Section 5.I of the Franchise Agreement:

> Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

4. **RELEASES.** The following is added to the end of Sections 12.C(11) and 13.C of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **RENEWAL AND TERMINATION**. The following is added to the end of Sections 13 and 14.B of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

6. **DAMAGES**. The following language is added to the end of Section 14.G of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

7. **GOVERNING LAW**. The following is added to the end of Section 17.G of the Franchise Agreement:

> Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statues Chapter 80C or your right to any procedure, forum or remedies that the law of the jurisdiction provide.

8. **CONSENT TO JURISDICTION**. The following is added to the end of Section 17.H of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota.

9. **WAIVER OF PUNITIVE DAMAGES, JURY TRIAL, AND CLASS ACTION BAR**. If and then only to the extent required by the Minnesota Franchises Law, Section 17.I of the Franchise Agreement is deleted.

10. **INJUNCTIVE RELIEF**. Section 17.J of the Franchise Agreement is deleted and replaced with the following:

> J. **Injunctive Relief**. Nothing in this Agreement, including the provisions of Section 17.F, bars our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened or actual conduct that will cause us, the Marks and/or the Franchise System loss or damage, under customary equity rules, including applicable rules for obtaining restraining orders and temporary or preliminary injunctions (subject to our obligation to arbitrate the underlying claim if required by Section 17.F). You agree that we may seek such injunctive relief in addition to such further or other relief as may be available at law or in equity. You agree that your only remedy if an injunction is entered against you will be the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by injunction being expressly waived hereby).

11. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 17.L of the Franchise Agreement:

> Minnesota law provides that no action may be commenced under Minn. Stat Sect. 80C.17 more than 3 years after the cause of action accrues.

12. **CONSTRUCTION**. The following is added to the end of the first paragraph of Section 17.N of the Franchise Agreement:

> Notwithstanding the foregoing, we will comply with Minnesota Rules 2860.4400(G) which prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

(*Remainder of page intentionally blank*)

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

By:_____
Name:_____
Title:_____

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____ , whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Hotel that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 12.C(11) and 13.C of the Franchise Agreement:

> Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. **DAMAGES**. The following language is added to the end of Section 14.G of the Franchise Agreement:

> We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. Accordingly, this Section will not be enforced to the extent prohibited by applicable law.

4. **ARBITRATION**. The first paragraph of Section 17.F of the Franchise Agreement is amended to read as follows:

> F. **Arbitration**. We and you agree that all controversies, disputes, or claims between us or any of our affiliates, and our and their respective owners, officers, directors, agents, and employees on the one hand, and you (and your owners, guarantors, affiliates, and/or employees), on the other hand, arising out of or related to:
>
> (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates);
>
> (2) our relationship with you;
>
> (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our affiliates) or any provision of any such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or
>
> (4) any Brand Standard;
>
> must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association ("**AAA**"). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA's then-current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our or, as applicable,

our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts); provided, however, that to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree. All matters relating to arbitration will be governed by the Federal Arbitration Act (9 U.S.C. §§ 1 et seq.). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

5. **GOVERNING LAW**. Section 17.G of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), or other United States federal law, or as otherwise required by North Dakota law, this Agreement or any related agreements, the Franchise, and all claims arising from the relationship between us (or any of our affiliates, and our and their respective owners, officers, directors, agents, representatives, and employees) and you (and your owners, guarantors, affiliates, and employees), whether couched in tort or contract, will be governed by the laws of the Commonwealth of Massachusetts, without regard to its conflict of laws rules, except that any state law regulating the offer or sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. If any of the provisions of this Agreement which relate to restrictions on you and your owners' competitive activities are found unenforceable under Massachusetts law, the enforceability of those provisions will be governed by the laws of the state in which your Hotel is located.

6. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 17.H of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL, AND CLASS ACTION**. To the extent required by the North Dakota Franchise Investment Law, Section 17.I of the Franchise Agreement is deleted.

8. **LIMITATIONS OF CLAIMS**. The following is added to the end of Section 17.L of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

(*Remainder of page intentionally blank*)

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

By:_____
Name:_____
Title:_____

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Hotel that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following language is added to the end of each of Section 17.G and 17.H of the Franchise Agreement:

> 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."

(*Remainder of page intentionally blank*)

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

By:_____
Name:_____
Title:_____

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Hotel that you will operate under the Franchise Agreement will be established or maintained in Virginia.

2. **TERMINATION BY EITHER PARTY**. The following language is added to Section 14.A of the Franchise Agreement:

> 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 grounds for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

(*Remainder of page intentionally blank*)

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

By:_____
Name:_____
Title:_____

RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT AND RELATED AGREEMENTS FOR USE IN WASHINGTON

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ _____ ("you" or "your").

1. **BACKGROUND**. We and you are parties to that certain Franchise Agreement dated ____ _____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in the State of Washington; and/or (b) the Hotel that Franchisee will operate under the Franchise Agreement will be located in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **CHANGE IN LAW**. To the extent required by the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder, the last sentence of Section 3.M of the Franchise Agreement will not apply.

3. **LOST REVENUE DAMAGES**. Section 14.G.(1) of the Franchise Agreement is supplemented and amended by adding the following language to the end of the second paragraph of the Section:

We will allocate the portion of the Lost Revenue Damages attributable to Brand Promotion Fund contributions to the Brand Promotion Fund.

4. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~C~~chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede ~~this Agreement in~~provisions in the franchise agreement or related agreements concerning your relationship with ~~us~~the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may~~that supersede ~~this~~the franchise ~~A~~agreement ~~in~~or related agreements concerning your relationship with ~~us~~the franchisor. Franchise agreement provisions, including ~~the areas of termination and renewal of your~~those summarized in Item 17 of the ~~f~~Franchise Disclosure Document, are subject to state law.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the ~~S~~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 ~~this~~the franchise ~~A~~agreement~~, you~~, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights ~~executed by you may not include rights under the Act,~~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 ~~this~~the ~~A~~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).

Provisions ~~such as those which~~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.

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

The franchisee may terminate the franchise agreement under any grounds permitted under state law.

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).

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 may be 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).

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.

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 gross negligence, willful misconduct, strict liability, or fraud.

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.

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~~s~~ contained in ~~this~~the franchise ~~A~~agreement or elsewhere that conflict~~s~~ with these limitations ~~are~~is void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in ~~this~~the franchise ~~A~~agreement or elsewhere are void and unenforceable in Washington.

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.

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).

~~This Agreement does not waive any liability we may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.~~

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.

(*Remainder of page intentionally blank*)

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

By:_____
Name:_____
Title:_____

_____
[Franchisee Name]

By:_____
Name:_____
Title:_____

EXHIBIT L

VOICE RESERVATION WITH AUTO ATTENDANT SERVICE AGREEMENT

EXHIBIT L

SONESTA VOICE RESERVATION WITH AUTO ATTENDANT SERVICE AGREEMENT

THIS **VOICE RESERVATION WITH AUTO ATTENDANT SERVICE AGREEMENT (**this **"Agreement")** is entered into and made effective as of the Effective Date of the Franchise Agreement in accordance with the terms of the Franchise Agreement signed concurrently herewith ("Franchise Agreement") by and between **SONESTA RL HOTELS FRANCHISING INC.,** a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("**we**," "**us**," or "**our**"), and _____, whose principal business address is _____ ("**you**" or "**your**").

1. **Background.** This Agreement is annexed to and forms part of the Franchise Agreement. Capitalized terms used, but not defined, herein shall have the meanings given to them in the Franchise Agreement. This Agreement is being signed because we, through a third party vendor, offer certain voice reservation and auto attendant services (collectively, the "**Services**") under which prospective guests inquiring about reservations may have their calls handled by reservation agents ("**Agents**") who will book reservations and respond to reservation-related questions on your behalf at the centralized call center (the "**Call Center**"). You agree to participate in the Services with respect to the Hotel, subject to the terms and conditions of this Agreement.

2. **Term**. This Agreement will begin on the Effective Date of the Franchise Agreement and will continue until the expiration or termination of the Franchise Agreement. Additionally, we shall have the right to terminate this Agreement at any time, for any reason, upon thirty (30) days' written notice to you.

3. **Services**. We shall, through a third-party vendor, engage Agents to handle reservation-related calls on behalf or your Hotel, including responding to questions about your Hotel and booking reservations at your Hotel. We will provide a dedicated telephone number for your Hotel to connect to the Services. Callers to this telephone number will be able to select a number for new reservation inquires. All new reservation inquiry calls will be directed to our Call Center. We will maintain ownership of the telephone number and you must cease all use of it upon termination of this Agreement. You may not use the telephone number in any advertising or on any websites without our prior written approval. We reserve the right to cancel, amend, or replace the Services, in our sole discretion, upon thirty (30) days' written notice to you.

4. **Fees**. We will charge you a fee of $4.00 for each call received by the Call Center. Payments will be made when and by the same method by which your monthly fees due under the Franchise Agreement are paid. This fee is subject, no more than once per year, to a Fee Adjustment. You acknowledge and agree you are solely responsible for the costs and expenses of any additional setup or third-party fees associated with the implementation of the Services, including but not limited to configuration of your private branch exchange, and will pay such costs and expenses directly to the applicable vendors. You agree that any breach or default by you under this Agreement, including your failure to pay the monthly fees, constitutes a material default under your Franchise Agreement.

5. **Your Responsibilities**. In order for us to provide the Services, you will be responsible for providing us with required information about your Hotel such as Hotel description, address, inventory, amenities, and any other information required to maintain an updated and accurate profile in our central reservations system. You authorize us to access, as necessary, your room rates, inventory, and other Hotel information necessary to offer the Services. You will maintain at least one additional phone line, in addition to your main property number, that can route directly to the front desk or your Hotel's interactive voice response. You agree to complete and return to us any documentation that we may require to provide the Services, including but not limited to a letter of agency and details of your Hotel's private branch exchange support vendor. You agree to provide us with a full and complete copy of your Hotel's phone bill immediately upon our request. You agree to provide us with a primary contact person for your Hotel who must be available to assist with the setup and testing of the Services. You acknowledge that we are not responsible for any third-party guests at the Hotel (regardless of whether their reservations were accepted by us in connection with the Services) and that your indemnification obligations described in the Franchise Agreement apply at all times during the course of this Agreement. Further,

you agree that we shall have no liability for any errors or omissions by you in connection with the Services.

6. **Dispute Resolution**. Any disputes arising under this Agreement will be resolved in accordance with the dispute resolution procedures under your Franchise Agreement, including but not limited to, the provisions concerning waiver of jury trial, consent to venue and personal jurisdiction, and choice of law.

7. **No Warranty**. WE MAKE NO REPRESENTION OR WARRANTY REGARDING THE VOLUME OF RESERVATIONS OR AMOUNT OF REVENUES THAT THE HOTEL WILL ATTAIN AS A RESULT OF THE SERVICES OR THAT YOUR RESERVATIONS OR REVENUE WILL INCREASE. WE MAKE NO REPRESENTATION OR WARRANTY REGARDING ANY SERVICE LEVEL FROM THE CALL CENTER, THAT THE SERVICES WILL BE AVAILABLE FOR ANY MINIMUM TIME PERIOD, OR THAT A MINIMUM NUMBER OF AGENTS WILL BE AVAILABLE AT THE CALL CENTER AT ANY GIVEN TIME. WE MAKE NO OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, REGARDING THE SERVICE. YOU, ON BEHALF OF YOURSELF, YOUR SUCCESSORS AND ASSIGNS, HEREBY WAIVE, RELEASE AND RENOUNCE ALL CLAIMS OR CAUSES OF ACTION THAT YOU MAY HAVE AGAINST US, OUR AFFILIATES, OR OUR OR THEIR OFFICERS, DIRECTORS OR AGENTS, ARISING OUT OF THE SERVICES, UNLESS DUE TO OUR WILFULL MISCONDUCT.

8. **Limitation on Liability**. NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, OR INDIRECT DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS OR LOST REVENUE (COLLECTIVELY REFERRED TO AS "INDIRECT DAMAGES") ARISING FROM, RELATING TO, OR IN CONNECTION WITH THE SERVICE, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF OR COULD HAVE FORESEEN SUCH DAMAGES. IN ADDITION, EACH PARTY'S DIRECT DAMAGES (AND ANY INDIRECT DAMAGES TO THE EXTENT THAT A COURT OF COMPETENT JURISDICTION OR OTHER AUTHORITY DOES NOT RECOGNIZE OR ENFORCE THE ABOVE WAIVER) SHALL BE LIMITED TO THE TOTAL FEES PAID BY YOU TO US DURING THE THEN CURRENT TERM OF THE FRANCHISE AGREEMENT.

9. **Miscellaneous**.

a. **Representations**. The individual signing below represents and warrants to us that he or she is authorized to bind the entity to pay and perform its obligations under this Agreement.
b. **No Third Party Beneficiary**. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies under this Agreement upon any person or legal entity other than you.
c. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties. This Agreement may not be assigned by you without our prior written approval.
d. **Counterpart Execution**. This Agreement may be executed in counterparts and each copy so executed shall be deemed an original. Any copy bearing an electronic signature shall be granted the same legal effect as a copy having an original signature.
e. **Force Majeure**. In no event shall either party be liable for any failure or delay in performance (except for the obligation to remit fees) due to causes or circumstances beyond its reasonable control and without its fault or negligence (including, but not limited to, third party strikes; communication line failures; epidemics; pandemics; natural disasters including lightning strikes, hurricanes, earthquakes, tornadoes, landslides, or floods; war, whether declared or not; or governmental action or change in law).
f. **Notices**. All notices shall be delivered in the manner set forth in the Franchise Agreement. Such notices shall be deemed given on the date delivered or date of attempted delivery if refused.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement to be effective as of the Effective Date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC. _____

[Franchisee Name]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

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	~~April 5, 2024~~Pending
Hawaii	~~April 4, 2024~~
Illinois	Exempt
Indiana	~~March 28, 2024~~Pending
Maryland	Exemption Pending
Michigan	March ~~28~~31, ~~2024~~2025
Minnesota	~~April 15, 2024~~Pending
New York	Exempt
North Dakota	~~April 23, 2024~~Pending
Rhode Island	~~April 2, 2024, as renewed May 19, 2024~~Pending
South Dakota	March ~~28~~31, ~~2024~~2025
Virginia	~~April 2, 2024~~Pending
Washington	~~April 15, 2024~~Pending
Wisconsin	March ~~28~~31, ~~2024~~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.

EXHIBIT ~~K~~M

RECEIPTS

RECEIPT
(OUR COPY)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sonesta RL Hotels Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sonesta RL Hotels Franchising Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sonesta RL Hotels Franchising Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458, (617) 421-5400. The franchise seller for this offering is:

Brian Quinn Sonesta RL Hotels Franchising Inc. 400 Centre Street Newton, Massachusetts 02458 (617) 421-5400	_____ Sonesta RL Hotels Franchising Inc. 400 Centre Street Newton, Massachusetts 02458 (617) 421-5400	_____ _____ _____ _____ _____

Issuance Date: March ~~28~~31, ~~2024~~2025

See Exhibit A for Sonesta RL Hotels Franchising Inc.'s registered agents authorized to receive service of process.

I have received a disclosure document dated March ~~28~~31, ~~2024~~2025, that included the following Exhibits:

Exhibit A -	State Administrators/Agents for Service of Process	Exhibit G -	Sample General Release
		Exhibit H -	Table of Contents of Brand Manual
Exhibit B -	Financial Statements	Exhibit I -	Agreement and Consent to Transfer
Exhibit C -	Guaranty of Performance	Exhibit J -	List of Franchisees
~~Exhibit C -~~	~~Guaranty of Performance~~	Exhibit ~~J~~K -	State Addenda and Agreement Riders
Exhibit D -	Franchise Agreement		
Exhibit E -	Development Incentive Promissory ~~Note~~ Note	Exhibit ~~K~~L -	~~Receipts~~Voice Reservation With Auto Attendant Service Agreement
Exhibit F -	Representations and Acknowledgment Statement	Exhibit M -	Receipts

Prospective Franchisee:

If a business entity:

_____
Name of Business Entity

Signature: _____
Title: _____
Print Name: _____
Dated: _____
(Do not leave blank)

If an individual:

_____

Print Name: _____

Dated: _____
(Do not leave blank)

Property located at _____
(street address) (city) (state) (zip code)

Please enter the address of the Property, sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email, to Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458, email: ~~development@sonesta.com~~franchiselegal@sonesta.com.

RECEIPT
(YOUR COPY)

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Prospective Franchisee:

If a business entity:

_____
Name of Business Entity

Signature: _____
Title: _____
Print Name: _____
Dated: _____
(Do not leave blank)

If an individual:

_____

Print Name: _____

Dated: _____
(Do not leave blank)

Property located at _____
(street address) (city) (state) (zip code)

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.