

FRANCHISE DISCLOSURE DOCUMENT



**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 right to operate a Signature Inn-branded hotel.

The total investment necessary to convert an existing hotel into a 40-room Signature Inn Hotel is ~~\$244,945~~255,624 to ~~\$1,040,945~~1,358,751. This estimate includes ~~\$27,945~~29,550 to ~~\$42,445~~67,145 that must be paid to us. The total investment necessary for a newly-constructed 40-room Signature Inn Hotel is ~~\$3,336,030~~3,528,334 to ~~\$6,401,915~~6,566,547, excluding the cost of purchasing or leasing land or any real estate taxes. This estimate includes ~~\$27,945~~29,550 to ~~\$45,445~~62,145 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, please contact the Franchise Development Department at Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458 and (617) 421-5400 or developmentfranchiselegal@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 Exhibits H and I.
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
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F 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 Signature Inn 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 Signature Inn franchisee?	Item 20 or Exhibits H and I list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

Business Model Subject to 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 us by litigation only in Massachusetts. Out of state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with us in Massachusetts than in your home state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

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 B 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 Signature Inn 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

We grant franchises for the operation of affordable boutique properties in the economy lodging segment under the service mark Signature InnSM and certain other proprietary marks to franchisees (collectively, the “Franchisees”). A franchise grants you the right to operate a Signature Inn-branded hotel at a specific location (your “Hotel”). Hotels that are authorized to operate under the Brand (defined below) are known as “Signature Inn Hotels.”

The franchise concept allows experienced, professional hotel operators greater autonomy in their operations than conventional hotel franchises, while also providing brand standards that may be less elaborate or rigid compared to conventional hotel franchises. All Franchisees must be experienced in the hotel industry (or must engage an experienced hotel management company on their behalf) and must have qualified professional hotel management onsite.

Signature Inn Hotels offer a unique lodging experience combining fun, retro mid-century styling with modern features and creative design elements, which we call “modern-retro,” at an affordable price. The Brand offers owners an opportunity to distinguish their properties from their competition, with custom design services consistent with the Brand theme.

Each Signature Inn Hotel must have at least 40 Guest Rooms (as defined in Item 5) and must be able to qualify for at least a 2-diamond rating from the Canadian Automobile Association or the American Automobile Association, although official appointment is not necessary; in certain circumstances, substantially equivalent standards may be acceptable to us. We anticipate that a typical Signature Inn Hotel will have 40 to 50 Guest Rooms. Signature Inn Hotels must offer complimentary high-speed internet access in Guest Rooms and in the lobby (which must meet our Wi-Fi standards and utilize our Brand-authorized landing page), offer complimentary newspapers in the lobby, and must participate in our loyalty program, “Sonesta Travel Pass.” All Signature Inn Hotels will be 100% smoke-free and pet-friendly; however, we may waive either or both of these requirements under certain circumstances.

We expect Signature Inn Hotels to be operated according to our Brand Standards and you may be required to make future investments to continue to meet them. “Brand Standards” means the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing Signature Inn Hotels, including your Hotel. “Brand Manual” means one or more documents or guides commonly referred to as the brand standards manual together with

supporting documentation. The Brand Manual may include the Brand Standards and information on suggested procedures and your other obligations under the Franchise Agreement.

One of the hallmarks of the Brand is its “Signature Moments,” which are those brand-required (or, in some instances, strongly recommended) elements and features that are intended to delight guests and take their stay out of the ordinary. This is reflected in such features as our mid-century décor; retro-styling; superior lobby coffee service; and distinct beds and bedding. These are in addition to other Brand requirements or Brand Standards that we may establish. Signature Moments and Brand Standards are subject to further specifications set out in the Brand Manual or otherwise in writing from us. We periodically may change our Brand Standards or Signature Moments.

References to the “Brand” currently includes the Marks (as defined in Item 13); access to a reservation service; training programs and materials, standards, specifications and policies for construction, furnishing, operation, appearance and service of the Hotel; other elements we refer to in the Franchise Agreement, the Brand Standards, the Brand Manual or in other communications to you; and programs for our inspecting your Hotel and consulting with you.

Franchisor’s Business

We have offered franchises for Signature Inn Hotels since October 2017. As of December 31, ~~2023~~2024, there were ~~11~~13 Signature Inn franchised hotels open or under contract in the United States.

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 CollectionSM from April 2023 to March 2025, and under the service mark Classico Collection By SonestaSM 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.

MOD A Sonesta Collection

As of May 2023, we began offering franchises for a soft-brand collection of upscale hotels catering to business and leisure guests under the service mark MOD A Sonesta CollectionSM. The MOD A Sonesta Collection service mark and related trademarks, service marks and trade names are collectively referred to as the “MOD Marks.” As of December 31, ~~2023~~2024, there ~~were nowas one~~ franchised, ~~affiliate-owned or affiliate-managed~~ hotels open in the United States under the MOD 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 & 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~~seven 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 hotels s 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 transitional 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 transitional 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, RLSM 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 transitional 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 ~~24~~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~~[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 EssentialTM [Hotels](#)TM and related service marks and trademarks. The Sonesta EssentialTM [Hotels](#)TM 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~~[one](#) affiliate-owned hotels [open](#) under the Red Lion Marks as of December 31, ~~2023~~[2024](#).

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, ~~274~~[283](#) of which are franchised, and there were ~~8~~[six](#) 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 SignatureSM 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 SignatureSM 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 StaySM” 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 ~~41~~nine 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 RLSM service marks and related trademarks and trade names. We also offered franchises for the operation of existing hotels as Hotel RL-branded hotels for a limited transitional 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~~two 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 hotels operating using the Lexington Marks that ~~are~~is soft-branded with other Network Marks, there ~~were~~nowas one Lexington-branded hotels 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, MOD Marks, Sonesta Hotels and Resorts Marks, Royal Sonesta Marks, Hotel RL Marks, James Marks, Sonesta ES Marks, Sonesta Simply Marks, Sonesta Select Marks, Sonesta Essential Marks, Red Lion Marks, Knights Inn Marks, Signature Marks, ABVI Marks, Lexington Marks, Jameson Inn service marks, Country Hearth 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 have never 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. 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 Marks, Signature Marks, GuestHouse trademarks and 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 Classico Marks and MOD Marks in June 2023. SRLHCF does not currently own or operate any Signature Inn 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: Royal Sonesta, Sonesta Hotels and Resorts, Sonesta ES Suites, Sonesta Simply Suites, Sonesta Select [Hotels](#), Sonesta Essential [Hotels](#), The James, MOD A Sonesta Collection, 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 Signature Inn Hotel nor offered franchises for Signature Inn 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., 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 hotel 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, 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 served 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 2024~~ 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.

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~~ 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~~ briefing scheduled to conclude 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. Patel et al., Case Ganapati LLC and Mayuri Patel, Civil Action No. 1:24-cv-11518-DJC, Filed June 10, 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. 1:2324-cv-12548-11534-JEK RGS, Filed October 26 June 11, 20232024 (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 sum of (a) \$20,000 plus (b) the product of \$150 times the number of Guest Rooms in excess of 70 (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, unless we have agreed to permit you to make installment payments, in which case you will sign a promissory note and make payments as provided under the promissory note. See Item 10 for additional details relating to initial fee installment payments. During the ~~2023~~2024 fiscal year, we charged a discounted Initial Fees ~~ranging from of~~ \$20,000 (for a Signature Inn Hotel with ~~125 Guest Rooms~~) to \$16,500 (for a Signature Inn Hotel with 5190 Guest Rooms).

“Guest Rooms” means transient hotel rooms located at the Hotel and is not dependent upon occupancy of the hotel rooms. By way of example, if your Hotel has 90 Guest Rooms, the Initial Fee will be \$23,000 (\$20,000 plus \$150 times 20).

If you are a new franchisee that is acquiring an existing Signature Inn Hotel from a current franchisee of the Brand, that particular franchisee’s franchise agreement may provide for a particular transfer fee to be paid as part of the transfer, which is calculated pursuant to our current “application fee”. As shown above, we now call the “application fee” the “Initial Fee,” and

as such, any references to “application fee” in existing franchise agreements of the Brand are referred to, and calculated, as the Initial Fee, as described above.

Other Initial Fees

If you are entering into a Franchise Agreement for a newly constructed Signature Inn Hotel, or if you are converting an existing hotel into a Signature Inn Hotel, you will pay us an onboarding administration fee of \$4,000 for the onboarding services we provide to you in connection with the opening of your Hotel under the Brand. If you are acquiring an existing Signature Inn Hotel, you will pay us a reduced onboarding administration fee of \$2,000. This fee is non-refundable and is due during or immediately after the onboarding process.

You will be required to pay a ~~\$445~~ property management system (“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.

You will also be required to pay us a \$400 revenue management system (“RMS”) installation fee. This fee will be due when billed and is non-refundable.

If you are converting an existing hotel into a Signature Inn Hotel, we may issue you a Property Improvement Plan (“PIP”) to which you must agree as a condition of approval that sets forth a list of items you must perform to conform your Hotel to the Brand Standards prior to your Opening Date (or within such timeframe as may be stated in the PIP). If we issue you a PIP, we may require you to pay us a non-refundable ~~\$1,000~~ fee of up to \$5,000, before we approve you as a Franchisee, to cover the cost of preparing or verifying completion of the PIP (the “PIP Fee”). “Opening Date” means the date your Hotel opens for business under the Brand. 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 \$1,000 5,000. These fees will be due when billed and are non-refundable.

If 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 is up to \$10,000. This fee is due when billed and is non-refundable.

You will pay us a fee in the amount of \$1,500 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 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 certain custom architecture and design review by us, you will pay us up to \$10,000 for those services. This fee is due when billed and is non-refundable.

If you enter into a franchise agreement for a newly constructed 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 accordance 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 ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
<u>Royalty</u>	<u>\$33 per Guest Room per month</u>	<u>Payable monthly by the 20th day of the following month</u>	<u>Regardless of the number of Guest Rooms in your Hotel, you will pay a minimum monthly Royalty of \$1,320. The Royalty fee is subject to, no more than once per year, the "Fee Adjustment". The "Fee Adjustment" means an increase at our discretion by up to the greater of (i) 5% annually 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 of your Franchise Agreement 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). See Note 3.</u>
Brand <u>Promotion</u> Fee	\$51 <u>18</u> per Guest Room, per month, subject to a minimum of \$2,040 per month	Payable monthly by the 20 th day of the following month	<u>Regardless of the number of Guest Rooms in your Hotel, you will pay a minimum monthly Brand Promotion Fee of \$720. We may periodically increase this fee by the Fee Adjustment. See Notes 3, 4 and 5.</u>
Brand Conference Fee	\$400 <u>250</u> per month	Payable monthly by the 20 th 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 <u>795</u> per attendee prior to their attendance at the conference. We <u>may</u> periodically may increase the conference <u>this</u> fee <u>by the Fee Adjustment</u> . You also will be responsible for the travel costs and expenses for your attendees.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
PMS-to-CRS Enhanced Connectivity Fee with HAPI	\$99 per month	Payable monthly by the 20 th day of the following month	You will pay a PMS-to-CRS enhanced connectivity fee. These fees are dependent on third-party fees charged by third-party providers and are collected by us and remitted to them, although we may retain a portion of the fee for administrative expenses. This fee is subject to <u>We may periodically increase this fee by the Fee Adjustment.</u>
Operations Insights Fee	Up to \$69.50 <u>75</u> per month	Payable monthly by the 20 th day of the following month	You will pay this continuing monthly fee for Operations Insights Fee, required of all Franchisees. We may include an online review management and response tool. We periodically increase this Operations Insights Fee. We may periodically <u>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 4.</u>
Initial Brand Training Fee	\$1,500 (plus reimbursement of our travel costs and expenses for in-person training)	As billed	Currently, our initial brand training program is up to 4 days, conducted virtually, unless otherwise determined, at a cost of \$1,500, 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. This is subject to change. "Hotel Representative" refers to your general manager or other representative having equivalent authority and responsibilities (such as your owner).
Ongoing Training Fees	\$2,000 / day plus reimbursement of our travel costs and expenses for on-site training by one trainer Virtual Ad-Hoc \$200 / 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. <u>We may periodically increase this fee by the Fee Adjustment.</u>
Loyalty Program	2.5% of Qualified Room Revenue	Payable monthly by the 20 th day of the following month	See Note <u>65</u> .

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
Transfer Fee	Our then-current <u>The</u> Initial Fee	Before transfer	Your transferee or you must pay us a transfer fee equal to our then-current <u>Initial Fee for new Franchisees</u> . <u>The transfer fee is calculated on the same basis as the Initial Fee (i.e., the transfer fee is equal to the sum of (a) \$20,000 plus (b) the product of \$150 times the number of Guest Rooms in excess of 70).</u>
Subsequent Onboarding Administration Fee in Connection with Change of Ownership	\$1,000 per change of ownership	Before change of ownership	Upon any transfer of voting or ownership interests in you if you are a legal entity, or in any of your owners if such owners are legal entities, you or your transferee must immediately pay us an onboarding administration fee for such transfer for the onboarding services we provide in connection with new ownership of the Hotel. This subsequent onboarding administration fee applies to each transfer and is subject to change . <u>We may periodically increase this fee by the Fee Adjustment.</u>
Late Payment Charge	The lesser of (a) 1.5% of the overdue amount or (b) the maximum rate allowed by law	Upon demand	You may be assessed this charge if any payment you owe us is overdue.
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.
Reactivation Fee	The lesser of 25% of past due balances or \$2,000	Prior to reactivation	If we have suspended your Hotel from the CRS and access to any revenue-generating or revenue-related programs because of a default under your Franchise Agreement, and you have cured the default, we may require you to pay this as a condition of reactivation. Although we may periodically change the amount of the fee, it will not exceed \$5,000.
Third-Party Distribution Program Fees	Varies based on third-party fees.	Payable monthly by the 20th day of the following month	These fees are payable to us in connection with the processing of certain transactions associated with the Third-Party Distribution Program and includes an administrative fee for our services. See Note 7.
Reservation System Maintenance Fee; <u>Future Rate and Inventory</u>	\$250 for first occurrence; \$500 for second occurrence; \$1,000 per occurrence thereafter	Payable monthly by the 20 th day of the following month	We charge this fee if you fail to meet our performance standard of maintaining at least 12 months of your advance room rates and inventory on CRS. <u>We may periodically increase this fee by the Fee Adjustment</u>

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
Reservation System Maintenance Services & Assistance Fee; Central Reservation System Services	\$150 per service event	Payable monthly by the 20 th day of the following month	You incur this fee if you request additional assistance for performing CRS data maintenance. We may periodically increase this fee by the Fee Adjustment
Revenue Consulting and Insights Fee	\$249 to \$399 per month depending on the number of guest rooms in your hotel	Payable monthly by the 20 th day of the following month	Payable by the 15 th of the following month if you participate in this program for revenue management consulting. We may change this fee on notice to participating hotels
Revenue Management Insights Fee	\$149 155 per month	Payable monthly by the 20 th day of the following month	We may periodically increase this fee by the Fee Adjustment. See Note 86 .
Quality Assurance Inspection Fee	Up to \$1,000 2,500 for the initial inspection, up to \$4,000 for the first re-inspection, and up to \$5,000 for subsequent re-inspections; plus the cost of travel, accommodations and meals	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 97 .
Guest Relations Fee	\$25 to \$125 per issue	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 108 .
Online Review Response Program Fee	\$39 to \$150 per response	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 119 .
Lost Revenue Damages Upon Early Termination Following your Default or Termination by you Without Cause	Aggregate amounts of certain fees through the earlier of (a) the end of the Term or (b) 36 months following the termination date.	Upon early termination of your Franchise Agreement	See Note 121 10.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
Liquidated Damages for Unauthorized Opening	\$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 "Signature Inn Hotel," you must pay us liquidated damages to compensate us for damage to the Marks. You also must reimburse us for our costs of enforcing our rights.
Pre-Opening Damages	\$1,000 for each Guest Room	Upon demand	See Note 13 <u>11</u> .
Public Relations & Crisis Management <u>Travel Agency Commission Settlement Fee</u>	Up to \$1,000 per crisis situation and any out-of-pocket expenses we incur. <u>0.85 per transaction</u>	As billed <u>Payable monthly by the 20th day of the following month</u>	<u>We may periodically increase this fee by the Fee Adjustment.</u> See Note 14 <u>12</u> .
Travel Agency Commission Settlement Management Companies ("TMCs") and Consortia Fees	Up to \$0.85 per transaction <u>3.25% of consumed revenue (in addition to standard travel agency commission)</u>	Payable monthly by the 20 th day of the following month	<u>This fee applies to our preferred TMC/Consortia/Affinity group. You also will be responsible for any commission or other remuneration payable to the TMC or consortia participant. "Consumed Revenue" means the gross revenue generated from bookings consumed through travel agencies.</u> See Note 15 <u>4</u> .
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	Amount of damages suffered	Upon demand	You must indemnify us and our affiliates, and our and their respective officers, directors, owners, employees and representatives for all damages any of those parties suffers and costs any of those parties incur relating in any manner to your ownership or operation of your Hotel, including enforcement costs.
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.
Failure to De-Identify	\$500 per day	Upon demand	If you fail to comply with all of your de-identification obligations within 30 days after the expiration or early 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.

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
Administrative Fee for e Other r Requests	\$2,000 per lender comfort letter and up to \$2,500 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. <u>We may periodically increase this fee by the Fee Adjustment.</u>
Reservation Fees	Ranges from \$1.75 to \$8.00 <u>10.50</u> per reservation	Payable monthly by the 20 th day of the following month	<u>We may periodically increase these fees by the Fee Adjustment.</u> See Note 4 <u>6</u> <u>13</u> .
Groups, Meetings, and Events	3% on consumed master folio per group	Payable monthly by the 20 th 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. <u>We may periodically increase this fee by the Fee Adjustment</u>
Travel Management Companies ("TMCs") and Consortia Fees	Listing fees that vary or \$3.50 per room night	Payable monthly by the 20th day of the following month	If you receive reservations through TMCs or consortia, you will pay either a listing fee or a transaction fee of \$3.50 per room night, depending on our arrangements with the respective third parties. You also will be responsible for any commission or other remuneration payable to the TMC or consortia participant.
Corporate <u>Transient and Consortia</u> Account Support Subscription and Services Fee	\$20 <u>23</u> per request for proposal (RFP) (currently, 12 RFPs for a total of \$240 <u>276</u> per year)	Payable upon distribution	Includes hotel profile creation and ongoing management in the Cvent RFP management system; RFP bid submissions; and GDS rate code mapping. Prices vary by market tier and are subject to change. <u>We may periodically increase this fee by the Fee Adjustment.</u>
PIP Fee	<u>Up to \$1,000<u>5,000</u> per issued PIP</u>	As issued	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 and/or guest comments have raised concerns with your compliance with Brand Standards, we may issue a PIP to you and charge you a PIP fee. <u>We may periodically increase this fee by the Fee Adjustment.</u>
PIP Reinspection Fee	<u>Up to \$1,000<u>5,000</u> per occurrence</u>	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 \$1,000 <u>5,000</u> reinspection fee. <u>We may periodically increase this fee by the Fee Adjustment.</u>

TYPE OF FEE ¹	AMOUNT	DUE DATE	REMARKS (Notes 1, 2 And 3)
Notices	Varies	As billed	For any notice we send to you by commercial courier service, as permitted by the Franchise Agreement, we may require you to reimburse us for the shipping expenses.
Design Review Fee	\$0 to \$10,000	As incurred	Each time you intend to make certain renovations to your Hotel, whether based on an issued PIP or separate renovations, you must submit your design plans to us in advance for review and approval. We will only charge a design review fee if your design plans involve unique or elaborate renovations.
Insurance	\$500 per month, plus reimbursement for all premiums, costs, and expenses we incur	As billed	If you do not obtain or maintain the required insurance or policy limits described in the Brand Manual, then we can (but are not obligated to) obtain and maintain insurance for you without first giving you notice. If we do so, then you must immediately pay us the premiums and the cost we incurred when we request you to pay. The monthly fee is subject to change We may periodically increase this fee by the Fee Adjustment . See Item 7.
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. We may periodically increase this fee is subject to change by the third party photographer Fee Adjustment .
American Hotel & Lodging Association ("AHLA") Fee	\$3.00 per Guest Room per year	Payable annually, as billed	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.

Note 1 – Except as indicated otherwise, all fees in this Item 6 are payable to us, are nonrefundable, and may not be uniformly applied. We may periodically reduce or waive fees.

Note 2 – You must pay us by means of an automated payment system using automatically recurring electronic funds transfer that we initiate ("Recurring EFT"), also known as Auto Pay. We may process the transfers at the time any payment is due and owing. Failure to fund your account at the time of a Recurring EFT withdrawal, or failing to enroll in Recurring EFT payments, will constitute a breach of your Franchise Agreement. 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 with at least 30 days' prior written notice.

Note 3 – Your obligation to make monthly payments of the [Royalty and Brand Promotion Fee](#) will begin on the Opening Date. If you sign a Franchise Agreement in connection with the acquisition of an existing Signature Inn Hotel, your obligation to make monthly payments of the [Royalty and Brand Promotion Fee](#) will begin on the date you close the acquisition of the Hotel.

Whether a conversion, new construction or acquisition, you must make payments for all other fees and commissions from the time those fees are incurred, regardless of the Opening Date.

~~Note 4— Subject to a \$2,040 per month minimum, the Brand Fee is based on the number of Guest Rooms at your Hotel and is not dependent upon the Hotel's occupancy. The Brand Fee includes marketing and distribution services; access to our proprietary loyalty program; dynamic web and mobile website with organic and paid search set-up including initial key word research readied for activation; on hold messaging and voice prompts; mobile payment solution; one email account; and IT Help Desk support. However, the Brand Fee does~~The Royalty and Brand Promotion Fee do not cover your costs of participating in any optional programs and promotions offered by us in which you voluntarily choose to participate, including in our optional Revenue Strategy Support consultative program (currently, ~~\$169,219~~ to ~~\$269,349~~ per month, depending on the property size and market scale, which we may periodically change). ~~These fees also do not cover the cost of operating your Hotel in accordance with the Brand Standards.~~ We may offer additional optional programs to you during the Term. ~~The Brand Fee may be increased during the Term upon 30 days prior written notice to you, by a maximum of 3% per calendar year~~ of your Franchise Agreement.

~~Note 5— You must honor the terms of any discount or promotional programs (including any loyalty program) that we or our affiliates offer to the public on your behalf and that we decide to adopt for the Brand, unless we designate the program as one for which an opt-in or opt-out choice is available. You also must honor any room rate quoted to any guest at the time the guest makes an advance reservation and any complimentary stays provided to guests participating in the programs we adopt for the Brand.~~

Note 4 – These fees are subject to, no more than once per year, an increase at our discretion by up to the greater of (i) 10% annually 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 of your Franchise Agreement to the CPI in effect as of the date of the fee adjustment, without reference to any prior fee adjustment, if any

Note ~~6~~5 – Your Hotel must participate in our loyalty program (as it may be modified) for as long as we choose to offer such a program. We may run periodic promotions in which guests that participate in our loyalty program receive discounts on room stays. We may increase your loyalty program contribution up to 4.5% of your Hotel's Qualified Revenue. See Item 11 for additional details related to our current loyalty program.

~~Note 7— We participate in most major distribution channels and we or our affiliates have established enterprise-level agreements with many of the leading intermediaries, including online travel agencies (“OTAs”), that allow them to offer your hotel room inventory through their websites including, in some cases, rooms at our loyalty program member rates (collectively, the “Third-Party Distribution Program”). You must participate in the Third-Party Distribution Program with those channels that we designate and under the terms and conditions we have negotiated, including pricing terms. You are responsible for the payment of all reservation fees, including third-party booking fees, GDS fees, and fees associated with the CRO (call center) and CRS, in connection with stays booked at your Hotel through their websites. Those fees are subject to change by the applicable third-parties. You must connect to all third-parties through our CRS, unless such third-party does not directly or indirectly offer interfaces to the CRS. You must maintain rates and inventory in the CRS 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 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 \$250. For repeated occurrences requiring additional notice to you, we may charge you additional fees. You may request that we assist you with updating the GRS rate and inventory database for an additional Reservation System Maintenance Fee of \$150 per occurrence (e.g., rate changes; inventory adjustments; non-emergency GRS close-outs).~~

“Qualified Revenue” includes (a) Qualifying Rates (defined below), and (b) at our discretion, any other items charged to the loyalty program member not defined in subsection (a). “Qualifying 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 ~~86~~ – You will pay us this continuing monthly fee for Revenue Management Insights required of all Franchisees. ~~We may periodically increase this Revenue Management Insights Fee.~~ Revenue Management Insights includes periodic competitor benchmarking reports and revenue management platform with pricing reports. We may periodically add additional reports/features and change the components or restructure the program.

Note ~~97~~ – 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 for your Hotel. We may provide these programs through our affiliates or agents. We (or our affiliates or agents) ~~will~~may conduct an evaluation of your Hotel using the Brand Standards. ~~You will pay an initial inspection fee of \$1,000 plus travel and expenses each time we inspect your Hotel, which we may do from time to time or when we otherwise become concerned about the condition of the Hotel based on feedback we receive, such as online reviews, guest complaints, or regulatory inquiries.~~ The inspection entails a review of ~~Brand Standards and~~ 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 ~~in connection with the inspection and any necessary.~~ We may require additional inspections if your Hotel’s total score is below an acceptable level. 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 initial inspection fee. If we require additional inspections of your Hotel, we may charge \$4,500 for the first re-inspection, and \$5,000 for any subsequent re-inspection. You must pay the costs of all inspections, including the reimbursement of personnel’s travel and meal expenses. If a quality assurance inspection is necessary to remediate guest satisfaction deficiencies, you may be required to pay \$5,000 for such remediation inspection. The frequency and methodology of re-inspections: may change from year to year.

Note ~~408~~ – You will pay us a \$25 Guest Relations Fee for every guest or other complaint we receive. If the issue raised is not resolved to our satisfaction 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 fee will be raised to \$125 per issue, plus we will charge you the cost of the resolution (such as a refund provided to a guest).

Note ~~449~~ – 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 to \$150 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 ~~12~~10 – If we terminate your Franchise Agreement for cause, or you terminate your Franchise Agreement without cause, you must pay us lost revenue damages as a lump-sum equal to the Royalties, Brand Promotion Fees, Conference Fees, PMS-to-CRS Enhanced Connectivity Fees, Operations Insights Fees and Revenue Management Insights Fees payable for the period from the termination date through the earlier of (a) the end of the term or (b) 36 months following the termination date. These lost revenue damages are in addition to any other damages and remedies to which we may be entitled under applicable law.

Note ~~13~~11 – You must pay us this lump sum amount of damages if we terminate the Franchise Agreement for your breach before the authorized opening of your Hotel.

~~Note 14 – In the event we deploy our public relations and crisis management team as a result of a situation at your Hotel, we will charge you a fee of \$1,000 plus actual costs we incur. We also may, but are not obligated to, initiate this service to act on behalf of your Hotel for the benefit of the Brand, us or RLHC or our and their affiliates. In that case, we may charge you an additional \$300 per hour for such services. The fee and hourly rates are subject to change.~~

Note ~~15~~12 – 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~~currently estimate that settlement fees ~~to will~~ 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 ~~16~~13 – We may advance certain booking fees, reservation fees and commissions incurred in connection with the operation of your Hotel to third-parties and bill you directly for reimbursement. Reservation fees are based on third-party fees and are subject to change. Currently, the fees based on reservation channel are as follows: direct connect, \$3.25 per reservation; web and mobile direct, \$1.75 per reservation; IDS, \$4.00 per reservation; GDS, ~~\$8.00~~10.50 per reservation; and CRO (call center), \$7.00 per reservation. Reservation or booking fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type Of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
	New Construction <u>C onversion</u>	Conversion <u>Ne w Construction</u>			
Initial Fee (Note 2)	\$20,000	\$20,000	Lump Sum	Upon your signing of the Franchise Agreement	Us

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type Of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
	New Construction <u>Conversion</u>	Conversion <u>New Construction</u>			
Onboarding Administration Fee (Note 3)	\$4,000	\$4,000	Lump sum	When billed	Us
Initial Brand Training Fee & Reimbursement of Expenses (Note 4)	\$1,500 to \$4,000	\$1,500 to \$4,000	Lump sum	Before opening	Us
Initial Training Expenses (Note 5)	\$1,000 to \$2,000	\$1,000 to \$2,000	As arranged by you	As arranged	Suppliers and employees
PIP Fee (Note 6)	N/A <u>\$0 to \$5,000</u>	\$0 to \$1,000 <u>N/A</u>	Lump sum	Before we approve you as a Franchisee	Us
Market Study (Note 7)	\$0 to \$7,500 <u>N/A</u>	N/A <u>\$0 to \$7,500</u>	As arranged by you	Before opening	Third-parties
Real Estate, Legal and Title Expenses (Notes 1 and 8)	Variable	Variable	As arranged by you	Before opening	Third-party sellers, landlords
Permits, Licenses, Plans, Etc.	\$135,000 to \$290,000 <u>Variable</u> (Note 9 <u>10</u>)	Variable <u>\$139,725 to \$300,150</u> (Note 10 <u>9</u>)	As arranged by you	Before opening	Suppliers, governmental authorities
Construction Costs	Variable <u>\$2,250,000 to \$4,800,000</u> (Note 11 <u>10</u>)	Variable <u>\$2,328,750 to \$4,800,000</u> (Note 10 <u>11</u>)	As arranged by you	Before opening	Contractors, vendors and suppliers
Furniture, Fixtures and Equipment ("FF&E") (Note 12)	\$634,000 <u>145,935 to \$760,000</u> <u>786,600</u>	\$441,000 <u>656,190 to \$631,000</u> <u>786,600</u>	As arranged by you	As incurred	Vendors and suppliers
Exterior Signage (Note 13)	\$25,000 <u>5,000 to \$40,000</u> <u>30,000</u>	\$5,000 <u>25,000 to \$30,000</u> <u>40,000</u>	As arranged by you	As incurred	Vendors and suppliers
Communications Equipment <u>IT Implementation Services</u> (Note 14)	\$15,000 <u>0 to \$40,000</u> <u>10,000</u>	\$8,000 <u>0 to \$25,000</u> <u>10,000</u>	As arranged by you	As incurred <u>Before opening</u>	Vendors and suppliers <u>Us</u>
Computer System Management Installation Fee (Note 15)	\$12,000 <u>1,000 to \$25,000</u> <u>1,500</u>	\$2,000 <u>1,000 to \$25,000</u> <u>1,500</u>	As arranged by you	As incurred <u>Before opening</u>	Vendors and suppliers

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type Of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
	New Construction <u>Conversion</u>	Conversion <u>New Construction</u>			
RFID Key System (Note 16)	\$0 to \$28,000	\$16,000 to \$28,000	As arranged	As arranged	Vendors and suppliers
Phone System (Note 17)	\$8,000 to \$25,000	\$15,000 to \$40,000	As arranged	As arranged	Vendors and suppliers
Ancillary System, Hardware Network Administration (Note 18)	\$2,000 to \$15,000	\$2,000 to \$15,000	As arranged	Before opening	Vendors and suppliers
CRS to PMS Interface and Tokenization Set Up Fee (Note 19)	\$445,650 to \$1,745	\$445,650 to \$1,745	As arranged by you	As incurred As arranged	Us
Low Voltage (Note 20)	\$0 to \$88,000	\$76,000 to \$88,000	As arranged	As arranged	Vendors and suppliers
Inventory/Supplies (OS&E) to Begin Operating (Note 21)	\$111,000 to \$115,000 18,630 to 97,290	\$48,000 to \$94,000 114,885 to 119,025	As incurred	Before opening	Vendors and suppliers
Other Pre-Opening and Grand Opening Expenses (Note 22)	\$25,000 to \$75,000 10,000 to 20,000	\$10,000 to \$20,000 25,000 to 75,000	As arranged by you	Before opening	Vendors, suppliers, other third parties
RMS Installation Fee (Note 23)	\$400	\$400	As arranged	As incurred	Us
Insurance (for 12 months) (Note 24)	\$14,785 to \$35,670 38,447	\$0 to \$31,500 17,825 to 41,858	As arranged by you	As incurred	Insurance providers
Branded Landing Page Installation (Note 25)	\$1,000 to \$10,000	\$1,000 to \$10,000	Lump sum	Upon implementation	Vendors and suppliers
Guest Wi-Fi and In-Room Entertainment Installation (Note 26)	\$53,300 to \$61,300 3,509 to 59,769	\$0 to \$35,000 49,409 to 59,769	Lump sum	Upon implementation	Vendors and suppliers
Photography Expenses (Note 27)	\$1,000 to \$5,000	\$1,000 to \$5,000	As arranged by you	As arranged, before opening	Supplier Us

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type Of Expenditure	Amount		Method Of Payment	When Due	To Whom Payment Is To Be Made
	<u>New Construction</u>	<u>Conversion w Construction</u>			
PIP Reinspection Fee (Note 2328)	N/A <u>\$0 to \$5,000</u>	\$0 to \$1,000 <u>N/A</u>	Lump sum	As arranged	Us
Custom Architecture & Design Review (Note 2429)	\$0 to \$10,000	\$0 to \$10,000	As arranged by you	As arranged	Us
Lender Comfort Letter Fee (Note 2530)	\$2,000	\$2,000	Lump sum	As incurred	Us
Construction Start Date Extension Fee (Note 2631)	\$0 to \$5,000 <u>N/A</u>	N/A <u>\$0 to \$5,000</u>	Lump sum	As incurred	Us
Additional Funds (3-month initial phase) (Note 2732)	\$30,000 to \$90,000	\$30,000 to \$90,000	Various	As incurred	Employees, suppliers, etc.
Total	\$3,336,030 <u>255,624 to \$6,401,915</u> <u>1,358,751</u>	\$244,945 <u>3,528,334 to \$1,040,945</u> <u>566,547</u>			

Note 1 – We have estimated costs based on a 40-room Signature Inn Hotel. We have relied on our and our affiliates’ management’s years of experience in the lodging business to compile these estimates. 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 for a Signature Inn Hotel with more than 40 Guest Rooms is \$20,000, but if the number of Guest Rooms is above 70, the Initial Fee is \$20,000, plus \$150 times the number of Guest Rooms in excess of 70. ~~The Initial Fee is non-refundable.~~

Note 3 – If you are acquiring an existing Signature Inn Hotel, you will pay us a reduced onboarding administration fee of \$2,000.

Note 4 – Your Hotel Representative(s) must complete our initial training program. The initial training is conducted virtually, unless otherwise determined, for a fee of \$1,500. 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 accommodation chosen.

Note 5 – We estimate that you will pay \$1,000 to \$2,000 for accommodations and wages for your employees during the initial training program.

Note 6 – We may issue you a PIP that sets forth a list of all items you must perform prior to your Opening Date (or within some other timeframe stated in the PIP) to conform your

hotel to the Brand Standards. If we issue you a PIP, we may charge you a non-refundable ~~\$1,000~~5,000 fee to cover the cost of preparing or verifying completion of that PIP.

Note 7 – You may choose (or your lender, if applicable, may require you) to conduct a market study before selecting a location for your Hotel. A market study will look at local demographics and potential sources of business and other business drivers in a market; analyze the current demand and supply for hotels in a particular market; forecast the demand and supply in a market; determine the availability of workers in a particular market; and analyze the competition in a market, among other things.

Note 8 – It is difficult to estimate real estate costs. 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 40-room Signature Inn Hotel will have a building area of approximately 25,000 square feet and be located on approximately one and a half acres of land. Additional costs incident to real estate may include legal fees and title recording expenses, all which vary by location.

Note 9 – These amounts include the cost of architects and engineers and construction plans, as well as local fees (including building permits, licenses and environmental impact fees), which vary widely depending on your specific location and situation, as well as the design selected by you, and may be significantly greater than shown in this table. You should consult with your attorney to determine any applicable licensing or permit fees you must obtain to operate your Hotel.

Note 10 – For conversions, you will incur costs to bring your existing property into conformity with the Brand Standards as specified in your Franchise Agreement. We cannot estimate these costs with more precision as they vary significantly based upon the amount, type and physical condition of the hotel's existing property, fixtures, equipment, furnishings, furniture, signage, and similar items.

Note 11 – Construction 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.

Note 12 – For new developments, these estimates include FF&E for public spaces and Guest Rooms but does not include kitchen equipment, back-of-the-house equipment, or pools, as those vary significantly by property and build. For conversions, the lower end of these estimates assumes that current FF&E is in good condition and meets Brand Standards, with only Brand-specific FF&E acquired, and the higher end of the estimate assumes substantially all FF&E is replaced.

Note 13 – 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 location, and may exceed the estimates indicated.

Note 14 – ~~These amounts include estimates for the cost of a telephone switch and other telephone and communications equipment, including the cost of high-speed Internet access equipment that meet our Brand Standards.~~ This estimate includes the CRS 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 require our assistance to configure and install these components, you will pay us this services fee, which may be up to \$10,000; this estimate includes travel and other expenses for our personnel, which we anticipate being \$750 to \$2,500.

~~Note 15—These amounts include the computer hardware and software necessary to operate your Hotel, including the initial license of a PMS, and the cost to connect the PMS to our revenue management system. The exact cost of your computer system will depend on the other technology options you select, subject to our minimum standards.~~

Note 15 – 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.

Note 16 – RFID Key Systems are required for all Signature Inn 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). This figure does not include “on-line” lock enhancements that are integrated with the RFID Key Systems.

Note 17 – We require a minimum of one phone per Guest Room. If you are converting an existing hotel to a Signature Inn Hotel, you may use Cat3 cabling. If you are constructing a new Signature Inn 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 18 – For new constructions, 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 includes 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 ~~16~~19 – This amount is charged by our third-party CRS provider for setting up an interface with your PMS. We will collect this PMS Interface and Tokenization Set Up Fee from you and remit to our third-party CRS provider.

Note 20 – Costs for low voltage wiring vary based on 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 ~~17~~21 – These amounts include operating supplies & equipment (“OS&E”) for Guest Rooms and common area marketing materials. The amount may differ based on the mix of room types at your Hotel. Estimates do not include food and beverage equipment (e.g., coffee equipment), housekeeping equipment, or other OS&E, or freight charges, taxes, tariffs, installation or similar fees.

Note ~~18~~22 – 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 the property'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 23 – You will also be required to pay us this RMS installation fee.](#)

Note [1924](#) – You must, at your own expense, keep in force insurance policies for your Hotel. We may change types and amounts of coverage. This estimate is based on our current requirements which are described in detail in Item 8 of this disclosure document. You will likely have to prepay all or a portion of the first year's premiums for insurance. The premiums may vary widely depending on a number of factors, such as insurance carrier, market conditions, the type of building construction, location of your Hotel, revenue of your Hotel, number of employees, your credit worthiness, and your loss history. The low end of the estimate for a conversion hotel assumes you have the specified minimum insurance. For Signature Inn Hotels located in Florida, the high end of the insurance expense estimate is \$76,905 for new construction and \$34,135 for conversions due to higher local costs and expenses in that state.

Note [2025](#) – 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 [2126](#) – You must maintain wireless high-speed 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~~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 [2227](#) – You must hire a professional photographer to take photographs of your Hotel prior to the opening of your Hotel.

Note [2328](#) – If we have to reinspect your Hotel because you fail the PIP inspection, we may charge you an additional PIP fee.

Note [2429](#) – This fee will only be required if your Hotel requires custom architecture review by us.

Note [2530](#) – This is to cover our administrative fees arising from review and processing of lender comfort letter requests.

Note [2631](#) – 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 [2732](#) – The additional funds represent certain expenses that you will incur in the operation of the business. You may need these funds to operate your Hotel during its three month initial phase following activation in our CRS. The estimated amount covers items such as payroll costs, rent, utilities, on-going advertising, facility expenses, security, and maintenance – but does not include any salary or allowance for an owner's draw, any amounts you must pay

us, or any additional inventory you may need after your initial inventory is consumed. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Hotel; the extent to which you follow our suggested methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your Hotel; competition; and other factors.

Except as provided in Item 10, we do not finance any portion of your initial investment.

ITEM 8.RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Specifications and Suppliers

In order to maintain quality and uniformity among Signature Inn Hotels, each Signature Inn Hotel must meet the Brand Standards. These standards require that your Hotel and most of the items you use or sell at your Hotel meet our specifications. You must strictly comply with all Brand Standards. In renovating (or constructing) 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: 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 systems, including CRS, PMS, and ~~revenue management systems~~[RMS](#); 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.

To facilitate consistency and quality among Signature Inn 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 Signature Inn 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 continued approval that our representatives are permitted to 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.

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 Signature Inn 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.

You must use the booking engine we designate and may not use any other booking engine for your Hotel. You will be responsible for all booking fees payable to us or to

third-parties for reservations made for your Hotel through the booking engine, as well as fees due to us or to third parties, such as travel agents for groups booked directly at 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 your designated brand concept.](#)

Computer System

Other than certain required credit card interface hardware, we do not currently have any specific hardware requirements. However, before commencing operation of your Hotel, you must ensure the PMS that we designate is installed at your Hotel in compliance with the specifications described in the Brand Manual or otherwise in writing, that it is fully operational, ~~and~~ that your staff is properly trained in its use, [and that it is connected to our RMS](#). We periodically may revise the specifications and we may require you to use our designated suppliers.

Please see the further discussion related to your PMS and other technology requirements in “[Computer Systems](#)” under Item 11, below.

Insurance

You must procure and maintain, at your expense, such types of 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 shall 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;
- 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;
- 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 employer’s liability insurance in amounts not less than \$1,000,000 per accident/disease;

- 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; and
- Garage-keeper's liability to the extent that the 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.

Additionally, we strongly recommend that you carry employment practices liability insurance, cyber liability insurance, and crime insurance that covers employee dishonesty.

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.

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 the 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 15% to 20% of the products, services, supplies, furniture, fixtures, equipment and inventory used to establish a new Signature Inn Hotel, 5% to 10% used to convert an existing hotel into a Signature Inn Hotel, and 215% to 520% used to operate a Signature Inn Hotel are subject to our 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	Not applicable	Not applicable
b. Pre-opening purchases/leases	Section 7.(e)	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 7.(a) and 7.(b)	Items 7, 8 and 11
d. Initial and ongoing training	Sections 5.(b) and 5.(d)	Items 1, 6 and 11
e. Opening	Sections 7.(b)	Item 11
f. Fees	Sections 3, 4.(b), 4.(c), 4.(d), 4.(f), 7.(d), 7.(e), 7.(g), 7.(i), 7.(j), 7.(k), 10 11.(b)(iv)(F), 11 12.(a), 11 (d), 12.(d), 13.(b), Schedule 7.(i), Exhibit C-1, and Exhibit C-2	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 5.(c), 7, <u>9</u> 10, 14 15.(b) and 14 15.(e)	Items 8 and 11
h. Trademarks and proprietary information	Section <u>9</u> 10	Items 13 and 14
i. Restrictions on products/services offered	Section 5.(g)	Item 16
j. Warranty and customer service requirements	Sections 7.(d) and 7.(j)	Item 6
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 7.(d), 7.(e), and 7.(i)	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 2.(b), 7.(a) and 7.(d) and Schedule <u>9</u> 10, Section (a)(ii)	Items 6, 11 and 17
n. Insurance	Section 7.(i) and Schedule 7.(i)	Item 8
o. Advertising	Sections 6 and 7.(l)	Items 6, 7 and 11
p. Indemnification	Section 14 15.(a)	Item 6
q. Owner's participation/management/staffing	Sections 7.(f) and 14 15.(o)	Item 15
r. Records and reports	Sections 7.(e) and 7.(n)	Item 6

FRANCHISEE'S OBLIGATIONS		
Obligation	Section in Franchise Agreement	Disclosure Document Item
s. Inspections and audits	Sections 7.(g) and 8	Items 6 and 11
t. Transfer	Section 40 <u>11</u> .(b)	Items 6 and 17
u. Renewal	Not applicable	Not applicable
v. Post-termination obligations	Section 42 <u>13</u> and Schedule 42 <u>13</u>	Item 17
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Sections 14 <u>15</u> .(g), 14 <u>15</u> .(h), 14 <u>15</u> .(i), 14 <u>15</u> .(j) and 14 <u>15</u> .(k)	Item 17
y. Guarantee	Section 13 <u>14</u> .(c)	Items 1 and 15

ITEM 10.FINANCING

We generally require payment of the Initial Fee in a lump sum when you sign the Franchise Agreement. However, we may allow you to pay up to 75% of the Initial Fee by the Opening Date (or at an earlier date that we specify, whichever is earlier). You must sign a promissory note in the form attached as Exhibit C-1 (the "Initial Fee Note") when you sign the Franchise Agreement. You may prepay the unpaid amount of the Initial Fee at any time, without penalty. If you default under the Franchise Agreement, the outstanding balance of the Initial Fee Note will become immediately due and payable, along with any court costs and attorneys' fees for collection. No interest will accrue on the outstanding Initial Fee, except in the event of default, then the unpaid amount of the Initial Fee will accrue interest at the lower of 1.5% per month or the highest rate allowed by law, beginning on the 15th day after the date of default. See Item 5 for more details regarding the Initial Fee.

We may, in our sole discretion, offer incentives for hotels that are new to the 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 shall typically comprise, at our discretion, between \$500 and ~~\$2,500~~\$5,000 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 C-2 (the "Incentive Note," together with the Initial Fee Note referred to as the "Notes"), when you sign the Franchise Agreement. 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 the Hotel opens under the Brand with our approval, as long as you have completed any PIP ~~and~~, there have been no material adverse changes to the Hotel since approval (for example, a decrease in the number of Guest Rooms or a significant delay in opening under the Brand), 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 20-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 1.5% per month 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 either Note. Each person that has a 20% or greater direct or indirect ownership interest in the franchisee entity must sign the Guaranty attached to the Franchise Agreement, personally guaranteeing your obligations under the Note(s).

Any default under the terms of either the Franchise Agreement or the Notes shall be deemed a default of both the Franchise Agreement and the Notes and we may pursue all remedies as available under the Franchise Agreement and Notes, and at law.

Both Notes provide for a waiver of presentment, demand for payment, protest, notices of protest, dishonor, nonpayment of the 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 Notes, nor do we receive any consideration for placing the Notes with a lender.

Except for the Initial Fee financing and 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. These programs 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 under the Brand, we will provide you the following assistance (at our discretion):

- If you are converting an existing hotel into a Signature Inn Hotel, we will 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 7.(a); 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 7.(a) and 7.(b); 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.(f));
- Gather all information from you necessary to build your Hotel into the CRS . (Franchise Agreement, Section 5.(a));
- Provide one 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 5.(b));
- Provide you a copy of the Brand Manual (currently, [92162](#) pages), which may be provided in an electronic medium, including by download from our website. The Brand Manual is confidential and remains our property, and you must return it to us upon the expiration or earlier termination of the Franchise Agreement for any reason (Franchise Agreement, Section 5.(c)). The table of contents of the Brand Manual is provided here as Exhibit D;
- If you elect to obtain a Management Company (as 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 [4415](#).(p));
- 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. (Franchise Agreement, Section 5.(g)); and
- 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.

Post-Opening Assistance**Operational Phase Obligations**

During the operation of your Hotel, we will:

- Provide you with access to the brand-designated CRS. (Franchise Agreement, Section 5.(a));

- Provide required and optional training programs either virtually or in-person. (Franchise Agreement, Section 5.(b))
- Provide you with Revenue Management Insights. (Franchise Agreement, Section 3.(k));
- Provide you with Operations Insights. (Franchise Agreement, Section 3.(i));
- Convene a brand conference (no less frequently than every 24 months) at which Franchisees may network and participate in educational seminars (the “Brand Conference”). (Franchise Agreement, Section 5.(d));
- Provide you with access to our IT Help Desk for support with one email account we provide and our ~~Access Point Owner’s~~ intranet Pportal. (Franchise Agreement, Section 5.(b));
- Maintain, operate, and administer a Marketing Program. (Franchise Agreement, Section 5.(e));
- Provide you access to the CRO (Call Center). (Franchise Agreement, Section 5.(i));
- Provide you with the Third-Party Distribution Program, as long as that program remains in effect. (Franchise Agreement, Section 5.(f));
- Provide you with a loyalty program (currently, Sonesta Travel Pass). (Franchise Agreement, Section 5.(h)); and
- Establish and host one email address for your Hotel. (Franchise Agreement, Section 5.(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 Signature Inn 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 Signature Inn 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.

Computer Systems

Before commencing operation of your Hotel, you must ensure the PMS that we designate (~~currently, ASI Cloud by Anand Systems~~) is installed at your Hotel in compliance with the specifications described in the Brand Manual or otherwise in writing, that it is fully operational, and that your staff is properly trained in its use. The ~~Brand Fee will cover the licensing fees for the designated~~ approved PMS supports integration with our platform for data sharing, booking synchronization, and loyalty program management. Ongoing support and training will be available for using the approved PMS. You may not maintain any PMS other than the PMS we designate in connection with the operation of your Hotel ~~and all OTAs and other distribution channels must be connected to our CRS, or, if no connectivity is available for a particular distribution channel, through the designated PMS, unless directed or approved by us in advance in writing.~~

You must enable the PMS to provide direct full two-way connectivity with our CRS (currently, SynXis, by Sabre) and loyalty program. We may charge an IT Implementation Services fee of up to \$10,000 to configure your CRS to conform to our Brand Standards and ensure proper integration with your PMS. We also require that you implement the Shift4 credit card interface for both the PMS and CRS. We may require additional interfaces in the future. We periodically may revise the specifications for your PMS, point-of-sale system, and related interfaces, and we may require you to use our authorized or designated suppliers.

You must make periodic upgrades and updates to the PMS that we require, including establishing interfaces to new programs that may become Brand Standards in the future. There are no contractual limitations on the frequency and cost of this requirement. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system. ~~We require that you pay us a non-refundable onboarding administration fee of \$4,000 (as detailed in Item 5). If we change the Brand-designated PMS in the future, you may be required to purchase, lease or license new or modified computer hardware, software and PMS.~~

~~You may be responsible for certain one-time fees (for example, for implementation, training and interfacing with our CRS)~~ The estimated cost of PMS software varies and is often dependent on the number of rooms at your Hotel, but it is expected to range from \$300/month to \$450/month for Hotels of up to 100-rooms, plus a one-time implementation fee of \$1,000 to \$1,500. More elaborate features ~~and additional PMS interfaces~~ (which we do not require but that you may select for other reasons) could cost significantly more. If we change the Brand-designated PMS in the future, you may be required to purchase, lease or license new or modified computer hardware, software and PMS. You will also be required to pay (i) a \$650

Interface and Tokenization Set Up Fee, which is charged by our third-party CRS provider, for setting up an interface with your Property Management System, and (ii) a \$400 RMS Installation Fee for installation of the RMS system.

~~Other than the hardware required to operate Shift4 or other systems described above, we currently do not have specific hardware requirements. We estimate that the initial costs to acquire and implement the hardware and software necessary to open your Hotel to be \$12,000 to \$25,000 for new construction and \$2,000 to \$25,000 for conversions, which includes the cost of the initial license of the PMS software and the cost to connect the PMS to our revenue management system.~~

An on-property Wi-Fi network for the benefit of hotel guests is also required. The estimated cost to implement a Wi-Fi network meeting our standards ranges from approximately ~~\$525~~850 to ~~\$725~~1,100 per Guest Room. The ongoing cost of the Wi-Fi network is estimated to be approximately ~~\$3.00~~2.50 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 up to~~ \$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 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 Brand Standards. ~~The one-time cost to implement a Guest Room entertainment system is approximately \$23,500, plus \$220 per guestroom. We estimate the cost for ongoing support, maintenance, and subscriptions for the in-room entertainment system to be approximately \$10 per Guest Room per month, plus a \$50 per month flat fee. When working with our approved guestroom entertainment vendor(s), the estimated implementation costs for deploying the Brand Standard solution for Hotels with more than 40 rooms is \$11,500 plus \$10 per Guest Room for basic, free-to-guest ("FTG") content. Pricing packages exist for rolling capital costs into the monthly fee. The monthly cost for a 40-channel lineup begins at \$7.99 per room per month. Additional OTT features to provide streaming/casting capability can be added with additional one time and ongoing per room expense. Pricing packages exist for rolling capital costs into the monthly fee. Additional equipment or labor may be required on a property by property basis.~~

You must purchase a RFID Key System from one of our approved vendors. The cost of purchasing this software ranges from \$400 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.

A phone system (PBX) is required for all for all Hotels. Existing phone systems that use Cat3 cabling are acceptable for conversions. New construction Hotels must deploy IP-based phone systems with a minimum of one phone per Guest Room. Cost estimates for deploying a new PBX ranges from \$8,000 to \$25,00 for conversions and \$15,000 to \$40,000 for new construction, depending on the room count and features provided with the system. "Phone service" in the form of analog phone lines, primary rate interface (PRI), or session initial protocol (SIP) must also be procured to provide connectivity for the phones. These services may be procured from the supplier providing the phone system, the supplier providing internet service to the building, or another "phone service" provider. We estimate the monthly cost for

these services to range from \$50 to \$300, with additional usage costs for 1-800 and/or long distance calls.

You will be required to purchase low voltage infrastructure to connect computer systems throughout your Hotel. The cost of such infrastructure is estimated to range from \$0 to \$88,000 for Signature Inn Hotels with 40 Guest Rooms.

Other than the hardware required to operate Shift4 or other systems described above, we currently do not have specific hardware requirements. However, in addition to specific system costs outlined above, ancillary equipment such as firewall, network switches, servers, desktop/laptop computers, printers, battery backup, patch cables, cable management, and data racks will likely be required to connect, secure, and operate your computer systems. We estimate that the initial costs to acquire and install this ancillary computer equipment will cost \$2,000 to \$15,000.

You must use our designated learning management system, which we may change in the future. 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.

The computer systems collect and generate business information and data relating to Signature Inn Hotels' inventory of rooms and specific guest information, including guests' names, addresses, payment information, and other personal information. We will have independent access to all such information and data, including information and data from your PMS, and our access to such information and data is not contractually limited.

Training

Initial Training

We do not assist in the hiring of your employees, but we will train 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 operations, 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, your Hotel Representative(s) must complete our 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 \$1,500 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 Signature Inn 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 Signature Inn Hotel, then your Hotel Representative will be deemed to have been trained sufficiently to operate a Signature Inn Hotel.

Training materials include the Brand Manual, and certain other training modules and courses designed to assist you in understanding programs related to Signature Inn Hotels. Best practices in the hospitality industry will be made readily available in our designated learning management system.

Our training is conducted under the supervision of Derek Fournier, Vice President, Training and Engagement. Mr. Fournier has over [2627](#) years of hospitality experience in operations, management, training, and development, and has [45](#) 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 ¹	Hours of On-the-Job Training ¹	Location ²
Brand Welcome & Orientation	0	1-3	Virtual or on-site
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
Total	0	17-31	

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, or virtually, at our election.

Ongoing Training

We may require you, your Hotel Representative(s), and/or previously trained and experienced employees 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 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.

Marketing and Advertising

~~Periodically, we may include your Hotel, or cause your Hotel to be included in (i) national or regional group advertising of some or all Signature Inn-branded hotels, and (ii) international, national and regional market programs offered by us subject to and in accordance with our general practice for Signature Inn-branded hotels. We may modify references to the address of your Hotel to help optimize marketing programs and opportunities; provided, however, if there is a significant change in a reference to your Hotel's address, we will confer with you, but we will have sole discretion in how your Hotel's address is referenced.~~

Brand Promotion

We and our affiliates have established a brand promotion program for all Network Hotels. 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 of \$18 per Guest Room per month; however, regardless of the number of Guest Rooms in your Hotel, you will pay a minimum monthly Brand Promotion Fee of \$720. We may increase the Brand Promotion Fee by the Fee Adjustment. Signature Inn Hotels that we or our affiliates own or manage may not pay us the Brand Promotion Fee on the same percentage basis as franchisees.

We ~~may~~ or our affiliates or other designees may use some or all of the Brand Promotion Fees, 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 ~~Network Brands, including global sales, but we are not obligated to do so.~~ We Signature Inn 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 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 Network Hotels and further developing the reputation and image of 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 ~~or~~ and personnel with any other entity, including our affiliates. ~~Any expenditures are intended for the benefit of the Network Brands~~ 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, 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 salaries and benefits of personnel who directly or indirectly manage and administer the brand promotion programs, associated administrative costs, travel expenses of personnel while they are on corresponding business, meeting costs, overhead relating to the brand promotion programs, and other expenses that we incur in activities related to administering or directing brand promotion programs, 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 brand promotion 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 the brand promotion 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, 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 need not ensure that brand promotion program expenditures in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fees paid by Network Hotels operating in that geographic area or that any 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. 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.

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

Local Marketing

You must provide us, for our approval, all materials you intend to use for local marketing (and all other advertising and promotional materials and Online Presence (as defined below)), unless we have already approved them or they consist solely of materials provided by us. We will attempt to review these materials within 10 business days from when we receive them. If you do not receive written approval within those 10 business days, the submitted materials are considered disapproved. All materials on which the Marks are used must include the applicable designation of service mark SM, trademark TM, registered trademark ®, copyright ©, or such other designation as we may specify. If, in our judgment, such materials or advertising may injure or harm the Brand, we may notify you to withdraw or discontinue the use of any advertising or promotional materials or Online Presence, even if previously approved. Within five days after delivery of such notice, you must withdraw and discontinue use of the relevant advertising and promotional materials or use of such Online Presence.

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.

We currently do not require you to join a regional or local advertising cooperative, or any other advertising fund. We may form brand advisory boards in the future (see Item 20), which may provide input on advertising policies and other matters. Once established, we may suspend or disband it, at our discretion.

Websites, Social Media and Other Online Presence

You may not register, own, maintain or use any domain name, website, email address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (collectively, the “Online Presence”) relating to Network Brands 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 to maintain vanity or other independent Online Presences for Signature Inn 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 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. 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.

Your use of all Online Presence shall be subject to our 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 the social media pages we designate for any of the Network Brands. 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 to 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.

You must ensure, on an ongoing basis, that the description of your Hotel and its amenities and features, including those you believe make the Hotel and its premises accessible to persons with disabilities, is current and accurate in the CRS, on any Online Presence, and in any third-party distribution channels.

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 the Brand or any or all of the Network Brands. Currently, Signature Inn Hotels participate in our loyalty program referred to as "Sonesta Travel Pass." We charge Signature Inn franchisees a loyalty program fee for your participation in the Sonesta Travel Pass program in the amount of 2.5% of your Hotel's Qualified ~~Room~~ Revenue (see Item 6 above) garnered through guests participating in the Sonesta Travel Pass Program. In the event there are any company-owned and company-managed Signature Inn Hotels, they may pay the loyalty program fee at a different rate. Additionally, not all franchised Network Hotels pay a uniform program fee. We may increase your loyalty program contribution up to 4.5% of your Hotel's Qualified Revenue. Additionally, we and our affiliates may periodically modify or discontinue the Sonesta Travel Pass program or any other loyalty program that we designate. You must participate in and honor the terms of any and all loyalty, discount or other promotional program applicable to Signature Inn 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 the Signature Inn Hotel

If you are converting your existing hotel into a Signature Inn Hotel, the typical length of time between signing your Franchise Agreement and opening your hotel as a Signature Inn Hotel is expected to be 90 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 new construction, we require that you commence construction (start pouring the foundation) within 12 months of the date your Franchise Agreement is signed, and open your Hotel as a Signature Inn Hotel within 12 months of commencing construction. We estimate the time from the date on which you sign your Franchise Agreement to the date you open your hotel as a Signature Inn Hotel to be 12 to 24 months (or 12 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 Signature Inn 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 Signature Inn 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 Signature Inn 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 Brand 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 Signature Inn 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 Signature Inn Hotel an exclusive or protected area in which we will not grant a franchise for another Signature Inn 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 franchised, 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 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 Signature Inn 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

Principal Trademarks

Under your Franchise Agreement, we grant you the non-exclusive right to operate your Hotel under the service marks displayed below. You may not use the Marks or similar names in your corporate name, however, nor in any internet domain or social media site. These are the principal service marks used to identify your Hotel. We or Sonesta own the Marks and all rights in and goodwill from the use of the Marks accrue to us and our affiliates.

The following table summarizes the status of the service marks registered with the U.S. Patent and Trademark Office (“PTO”) on the Principal Register of the principal mark licensed to you under the Franchise Agreement.

SERVICE MARKS REGISTERED ON THE U.S. PATENT AND TRADEMARK OFFICE’S PRINCIPAL REGISTER			
SERVICE MARK	REGISTRATION NO.	REGISTRATION DATE	OWNER OF RECORD
SONESTA	3,685,842	NOVEMBER SEPT <u>BER</u> 22, 2009	SONESTA
	5,587,761	OCTOBER 16, 2018	SRLHF
	5,829,671	AUGUST 6, 2019	SRLHF

The Marks are owned by us or Sonesta, as identified in the table above, and each owner has filed all required affidavits and renewals and claims all applicable common law rights for the Marks.

“Marks” means each of the trademarks and service marks listed in the table above, and all other trademarks, service marks, trade names, logos, and commercial symbols that we authorize for Signature Inn Hotels.

Currently Effective Trademark Determinations

There are no currently-effective material determinations of the U.S. Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation proceedings; or pending material litigation involving the principal marks.

Agreements Significantly Limiting Your Rights to Use 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 that are owned by Sonesta. 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.

Other than the License Agreement, there are no agreements that significantly limit our right to use or license the use of our principal marks.

Protection of Your Right to Use the Trademarks

We are not required to protect your right to use the Marks, or to protect you against claims of infringement or unfair competition arising out of your use of the Marks. If you become aware of any claim of infringement, unfair competition, or other challenge to your right to use the Marks, you must notify us in writing within seven business days. We will determine whether to take any action in connection with any infringement, challenge, or claim, and have the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim.

We are not required to indemnify you for any expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you.

If we believe that it is appropriate to modify or discontinue using any Mark or use one or more additional or substitute names or marks, you must, at your cost, modify or discontinue the use of that Mark within 30 days of our request (or a longer period that we may allow).

Knowledge of Superior Rights or Infringing Uses

We have no actual knowledge of superior prior rights or infringing uses that could materially affect your use of the principal marks in any state.

ITEM 14.PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Neither we nor any of our affiliates own any patents or pending patent applications 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 Signature Inn 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 (Library of Congress) 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.

No agreements limit our right to use or license the use of our copyrighted materials. We are not obligated under any agreement to protect or defend our copyrights, although we intend to do so. We do not know of any infringing uses of or superior rights in our copyrighted materials.

You must maintain the confidentiality of the Brand Manual, as well as all knowledge, know-how, technologies, techniques and other proprietary information that we reveal to you as being confidential and treat this information as trade secrets. You must strictly limit access to the Confidential Information to your employees who have a “need to know” in order to perform their jobs. All persons to whom you grant access to the Brand Manual or any other Confidential Information must be required to comply with the confidentiality provisions of your Franchise Agreement.

“Confidential Information” includes, without limitation, 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 Signature Inn Hotels; market research, promotional, marketing, and advertising programs for Signature Inn Hotels; knowledge of specifications for, and suppliers of furniture, fixtures, equipment, products, and supplies; computer software and hardware 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 Signature Inn Hotels, other than your Hotel; and customer data.

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. If you do not personally manage your Hotel, you must employ an on-premises general manager that is sufficiently skilled and experienced to operate your Hotel. The general manager is not required to have an ownership interest in you if you are an entity. We may require the general manager to execute an individual undertaking, in a form approved by us, agreeing to protect the Confidential Information from unauthorized use, access or disclosure, and to use the Confidential Information only in the operation of your Hotel.

You may engage a management company (the “Management Company”) that we approve to manage the direct operation of your Hotel. 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 successfully 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.

If you are a corporation, partnership, limited liability company, or other legal entity, any person with a 20% or greater direct or indirect ownership interest in you must sign the Guaranty of Franchise Agreement attached to the Franchise Agreement guaranteeing the performance of all of your obligations under the Franchise Agreement.

ITEM 16.RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We do not restrict the customers to whom you sell goods and services. You must operate your Hotel in conformity with the Brand Standards, including complying with the terms of all mandatory marketing, reservation, advertising, promotional, training and other operations programs we may periodically implement. You must use your Hotel’s premises solely for the operation of a Signature Inn Hotel. You may not provide any guest service or offer any product except as prescribed in the Brand Manual or otherwise in writing, and you must offer all Brand-wide products, services, and programs we establish or that we determine to be in the best interests of the Brand, including any loyalty or similar program. Currently, you are required to participate in the Sonesta Travel Pass loyalty program. We have the right to change the types of products and services that we approve or authorize, so long as the products and services are compatible with the franchise system.

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	Initial term is 20 years.
b. Renewal or extension of the term	Not applicable	The Franchise Agreement is non-renewable.
c. Requirements for franchisee to renew or extend	Not applicable	The Franchise Agreement is non-renewable.
d. Termination by franchisee	N/A	You may terminate on any grounds available by law.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
e. Termination by Franchisor without cause	Section 44.12(e) and 44.12(f)	If your Hotel is condemned and a new hotel is not found within one year of closing of the Hotel, we may terminate your Franchise Agreement upon notice to you, and you must pay Lost Revenue Damages. If your Hotel is damaged by fire or other casualty, and you do not re-open a new hotel within 18 months (or elect not to repair or rebuild the Hotel), we may terminate your Franchise Agreement.
f. Termination by Franchisor with cause	Sections 44.12(b) and 44.12(c)	We can terminate your Franchise Agreement if you default.
g. "Cause" defined-curable defaults	Section 44.12(b)	<p>Curable defaults include: failure to pay any amount due us when such amount is due or failing to enroll in automated recurring payments via EFT; serious or imminent threat or danger to public health or safety resulting from construction, maintenance, or operation of your Hotel; you or any of your officers, directors, owners or managers engage in conduct that is harmful to, or reflects unfavorably on, you, us, or the Brand or engage in conduct that exhibits reckless disregard for the physical or mental well-being of employees, guests, our representatives or the public; excessive guest complaints; failure to procure the required insurance; three or more defaults within a 12 month period, or two or more defaults within a six month period; three or more guest complaints that have not been resolved to our satisfaction; failure to comply with the Brand Standards; and failure to comply with any other obligation or requirement under the Franchise Agreement.</p> <p>You will have five days, regardless of any longer period of time that any governmental authority may have given you (or less, if a governmental authority provides for a shorter cure period), to cure a serious or imminent threat or danger to public health or safety results from constructing, maintaining or operating your Hotel.</p> <p>For any other defaults, you will receive a written notice of breach or default and will have five days to cure such default, unless a longer cure period was specified in the notice of default, other than for those reasons in Section 10.(c) of your Franchise Agreement (subject to state law).</p>
h. "Cause" defined-non-curable defaults	Section 44.12(c)	<p>Non-curable defaults include: you or any of your owners have made or make a material misrepresentation in obtaining the franchise or operating your Hotel; abandoning your Hotel for more than seven consecutive days or 14 days in any calendar year, or losing the right to occupy the premises; you have forfeited the right to do business in the jurisdiction where your Hotel is located; you fail to open by the designated opening date; you deny us the right to inspect your Hotel or retrieve information from the PMS; unauthorized transfer of your rights or the Franchise Agreement; breach of confidentiality covenant; misuse or unauthorized use of the Marks or Confidential Information; bankruptcy; insolvency; appointment of a receiver; or default by you under any agreement with our affiliates or us, or with third-parties that we require you to enter according to your Franchise Agreement, after a prior notice and cure period (subject to state law).</p>

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/non-renewal	Section 4 <u>2</u> <u>13</u> and Schedule 4 <u>2</u> <u>13</u>	Obligations include: paying amounts due to our affiliates, us and third-parties; ceasing operating business as a Signature Inn Hotel; cease using or operating any Online Presence and disable or transfer exclusive control of any Online Presence to us; removing Brand signage and otherwise de-identifying your Hotel; distinguishing future operations; removing internet references; and ceasing use of and returning or destroying (at our direction) all tangible and intangible copies of the Marks and Confidential Information in your possession or control.
j. Assignment of contract by Franchisor	Section 4 <u>0</u> <u>11</u> .(a)	No restrictions on our right to assign.
k. "Transfer" by franchisee-defined	Section 4 <u>0</u> <u>11</u> .(b)	The term "transfer" refers to any sale, assignment, conveyance, or other disposition of—whether voluntarily, involuntarily, directly or indirectly, by operation of law (including transfers upon death) or otherwise—any direct or indirect interest in your Franchise Agreement, 33% or more of the ownership or voting interests in you or your owners (if you are, or your owners if such owners are, legal entities), or a material portion of your assets, without our prior written consent.
l. Franchisor's approval of transfer by franchisee	Section 4 <u>0</u> <u>11</u> .(b)	We have the right to approve all transfers. However, we will not unreasonably withhold our consent to a proposed transfer if all of the conditions in Section 10.(b) of your Franchise Agreement are met.

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for Franchisor approval of transfer	Section 40 <u>11</u> .(b)	Conditions include: all your accrued monetary obligations and other obligations to our affiliates and us have been satisfied; you are not in default of the Franchise Agreement or any other agreement between you and us, our affiliates or any supplier or vendor; you have executed a general release; you provide us all information or documents we request about the proposed transfer, the transferee, and its owners; at our option, transferee assumes all your obligations pursuant to an assignment and assumption agreement or signs our then standard form of franchise agreement (the terms of which may significantly differ from the terms of your Franchise Agreement); transferee or transferor pays us a transfer fee in the amount of 50% of the then-applicable Initial Fee for new Franchisees; transferee satisfactorily completes our application procedures and meets our criteria for new Franchisees in effect at the time; transferee has or you have performed all required maintenance, refurbishment, renovations and upgrades of your Hotel; the landlord has agreed to the transfer of the lease or sublease of the premises; if your owners or you finance any part of the purchase price, your owners or you agree to subordinate transferee's obligations owed to you to the transferee's obligations to us and our affiliates; you and your owners cease all use of the Marks, do not identify yourselves as a current or former Signature Inn Hotel or otherwise suggest an association with us; the timing of the transfer is reasonably acceptable to us; the transferee has provided an insurance certificate for your Hotel that we approve; any past due balance owed by you has been paid; and transferee and you timely satisfy any other conditions we reasonably impose. Upon the transfer of any ownership interests in you (if you're a legal entity), you must pay us an onboarding administration fee; see Item 6.
n. Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
o. Franchisor's option to purchase franchisee's business	None	Not Applicable
p. Death or disability of franchisee	Section 40 <u>11</u> .(b)	Any transfers occurring upon your death will be considered a "transfer" of your Franchise Agreement and will be subject to the conditions to transfer in section m.
q. Non-competition covenants during the term of the franchise	None	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	None	Not Applicable

THE FRANCHISE RELATIONSHIP

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the agreement	Section <u>910</u> .(c) and <u>415</u> .(c)	No modifications unless signed by the party against whom enforcement is sought, but we may unilaterally modify our Brand Standards and you will be bound by such modifications.
t. Integration/merger clause	Section <u>415</u> .(m)	Only the terms of the Franchise Agreement (together with its schedules and exhibits) 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	Not Applicable	Not Applicable
v. Choice of forum	Section <u>415</u> .(g)	Litigation must be brought in the federal 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. If the federal court lacks jurisdiction, then such litigation must be brought in the state court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the parties. However, we may seek injunctive relief in any jurisdiction that has jurisdiction over you.
w. Choice of law	Section <u>415</u> .(g)	Massachusetts law generally applies, except for issues under the U.S. Trademark Act (subject to applicable state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit L.

ITEM 18.PUBLIC FIGURES

We currently do not use any public figure to promote our franchise system, but we may do so in the future.

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 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 this Item 19 may be given only if: (a) a franchisor provides the actual records of an existing outlet you are considering buying; or (b) 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 hotels. 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 Signature Inn Hotel, however, we may provide you with the actual records of that property. If you receive any other financial performance

information or projections of your future income, you should report it to our management by contacting Bradford Maxwell, 400 Centre Street, Newton, Massachusetts 02458, (617) 421-5400, legalfranchiselegal@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~~¹2024¹**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	3	+3
Franchised	2022	3	45 ²	+1+2
	2023	45	67	+2
Company-Owned	2021 2024	07	011	0+4
Company-Owned	2022	0	0	0
	2023	0	0	0
Total Outlets	2021 2024	0	30	+30
Total Outlets	2022	3	45	+1+2
	2023	45	67	+2
	2024	7	11	+4

¹ The numbers are as of December 31 of each year.

² [One hotel previously operated under the Signature Marks and converted to a Signature Inn Hotel in 2022.](#)

**TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR THE YEARS ~~2021~~2022 to ~~2023~~¹2024¹**

State	Year	Number of Transfers
All States	2021	0
California	2022	0
	2023	0
Total Outlets	2021 2024	01 ²
Total Outlets	2022	0
	2023	0
	2024	1

¹ The numbers are as of December 31 of each year.

² [This was a transfer of ownership only. The franchisee entity did not change.](#)

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS ~~2021~~2022 to 2023¹2024¹**

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
California	2021 2022	0 1	1 ² 1	0	0	0	0	1 2
	2023	1	1	0	0	0	0	2
	2024	1	1	0	0	0	0	2
Illinois	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2023 2024	0 1	0 1	0	0	0	0	0 1
Nevada	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Oregon	2021 2024	0	1	0	0	0	0	1
Oregon	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Texas	2021 2024	0 1	1 1	0	0	0	0	1
Texas	2022	1	0	0	0	0	0	1
	2023	1	1	0	0	0	0	2
Total	2021 2024	0 2	3 2	0	0	0	0	3 2
Total	2022	3	1	0	0	0	0	4
	2023	4	2	0	0	0	0	6
	2024	7	4	0	0	0	0	11

¹ The numbers are as of December 31 of each year.

² One hotel previously operated under the Signature Marks and converted to a Signature Inn Hotel in 2022.

TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS ~~2021~~2022 to ~~2023~~2024¹

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 <u>2022</u>	0	0	0	0	0	0
	2022 <u>2023</u>	0	0	0	0	0	0
	2023 <u>2024</u>	0	0	0	0	0	0
Total	2021 <u>2022</u>	0	0	0	0	0	0
	2022 <u>2023</u>	0	0	0	0	0	0
	2023 <u>2024</u>	0	0	0	0	0	0
	2024 <u>2025</u>	0	0	0	0	0	0

¹ The numbers are as of December 31 of each year.

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
Arizona	0	1	0
California	2	2	0
Florida <u>California</u>	0 <u>1</u>	1	0
Georgia <u>Florida</u>	0	1	0
Illinois	0	1	0
Michigan	1	2	0
Nevada <u>Michigan</u>	1	1	0
Utah	1	1	0
Washington	0	1	0
Total	5<u>2</u>	11<u>6</u>	0

A list of the names, addresses and telephone numbers of all current Franchisees as of December 31, ~~2023~~2024, is attached as Exhibit H to this disclosure document.

A list of the names, city, state and telephone number of franchisees who have 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 have not communicated with us within 10 weeks of the issuance date of this disclosure document is attached as Exhibit I to this disclosure document. If you buy

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

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with Signature Inn-branded hotels. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark-specific franchisee organizations affiliated with the Brand.

ITEM 21.FINANCIAL STATEMENTS

Attached as Exhibit F 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 G to this disclosure document.

ITEM 22.CONTRACTS

The following contracts are exhibits to this disclosure document:

Exhibit B	Franchise Agreement
Exhibit C-1	Initial Fee Promissory Note
Exhibit C-2	Development Incentive Promissory Note
Exhibit E	Representations and Acknowledgment Statement
Exhibit J	Sample General Release
Exhibit K	Consent to Transfer
Exhibit L	State Addenda and Agreement Riders

ITEM 23.RECEIPTS

Exhibit 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
FRANCHISE AGREEMENT

SIGNATURE INNSM 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, Massachusetts 02458 (“**we**,” “**us**” or “**our**”), and _____ (“**you**”), as of the date signed by us and set forth below our signature on this Agreement (the “**Effective Date**” _____, a(n) _____ whose principal business address is _____ (“**you**”), and pertains to the hotel (the~~your~~ “**Hotel**”) located (or to be located) at _____ (the “**Premises**”). The parties agree as follows:

1. **Term.** The term of this Agreement (the “**Term**”) commences on the Effective Date and expires twenty (20) years from the Opening Date (as defined in Section 7.(b)), subject to earlier termination as set forth in this Agreement. You acknowledge and agree that this Agreement is non-renewable and that this Agreement confers upon you absolutely no rights of renewal whatsoever following the termination or expiration of the Agreement. You also acknowledge and agree that should we exercise our discretion to offer you a new agreement on renewal, the terms of the agreement offered on renewal may be substantially different than the terms of this Agreement.

2. **Grant of License.**

(a) **Brand.** We and our affiliates own a special system related to the operations, marketing, and distribution of information pertaining to hotels under the Signature InnSM brand (the “**Brand**”). Owners of hotels authorized to operate under the Brand (“**Brand Hotels**”) are known as “**Brand Franchisees**.” Subject to the terms and conditions contained in this Agreement, you are a Brand Franchisee.

(b) **Grant of License.** We grant you the right, and you undertake the obligation, to operate your Hotel and to use the Marks (defined in Section 910.(a)), Confidential Information (defined in Section 910.(c)), and Brand Standards (defined in Section 7.(d)) as authorized under this Agreement during the Term (the “**License**”). The Hotel expressly includes only the hotel located at the Premises and you may not transfer the License to another hotel or another location without our prior written permission. The License is non-exclusive, non-transferable and non-sublicensable. You acknowledge and agree that the License does not extend to any bar, restaurant or other facility located at the Premises, unless separately approved by us in writing. The License granted to you does not include the right to use “**Signature Inn**,” “**Signature**,” or any other variation resembling the Brand in your Entity (as defined in Section 1314(c)(i)) name, in an Internet domain name, website, email address, social media account, username, other online presence or presence on any electronic medium of any kind.

(c) **No Exclusivity; 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), any hotel operating under any of the Network **BrandsMarks** (as defined in Section 5.(e)) 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, regardless of the location of such chains’ or businesses’ facilities, and to operate, franchise or license those businesses under the Marks (as defined in Section 910.(a)) 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 Brand 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.

3. **Fees.** All fees payable to us under this Agreement are fully earned by us upon payment and are non-refundable, except as otherwise expressly provided in this Agreement. You will pay us the following fees:

(a) **Initial Fee.** You must pay us at the time of your execution of this Agreement a non-refundable initial fee equal to the sum of (x) \$20,000 plus (y) the product of \$150 times the number of Guest Rooms (as defined in Section 3.(b)) in excess of 70 (the "**Initial Fee**"). The Initial Fee must be made to us by cashier's check, bank certified check, wire transfer, ACH, or credit card.

(b) **Brand-FeeRoyalty.** You will pay us a monthly ~~Brandroyalty~~ fee ("**Royalty**") equal to ~~\$5433~~ per Guest Room (~~"Brand-Fee"~~), subject to a minimum ~~Brand-Fee of \$2,040 per month~~monthly Royalty of \$1,320. The Royalty is subject to change pursuant to Section 3.(m). "Guest Rooms" means transient hotel rooms located at the Hotel, and is not dependent upon occupancy of the hotel rooms. ~~Upon 30 days' prior written notice to you, we may increase the Brand Fee by a maximum of 3% per calendar year.~~

(c) **Brand Promotion Fee.** You will pay us a monthly brand promotion fee (the "**Brand Promotion Fee**") equal to \$18 per Guest Room, subject to a minimum monthly Brand Promotion Fee of \$720. The Brand Promotion Fee is subject to change pursuant to Section 3.(m).

(d) ~~(e)~~ **Conference Fee.** You will pay us a conference fee of ~~\$100250~~ per month (the "**Conference Fee**"), which is subject to change at our discretion from time to time. The Conference Fee covers the attendance for one person at the Brand Conference (as defined in Section 5.(d)). If you are permitted to send additional attendees, you will be required to pay an additional ~~\$695795~~ per attendee prior to their attendance at the conference. ~~We may also increase this fee from time to time~~The Conference Fee is subject to change pursuant to Section 3.(m). You will also be responsible for the travel costs and expenses for your attendees.

(e) ~~(d)~~ **Property Improvement Plan Fees.** In connection with our quality assurance inspections of your Hotel and issuance of any property improvement plan ("**PIP**"), and if applicable, reinspection following a failed PIP inspection, you will pay us our then-current PIP fee (up to \$1,0005,000 as of the Effective Date). The PIP is subject to change pursuant to Section 3.(m).

(f) ~~(e)~~ **Onboarding Administration Fee.** You will pay us an onboarding administration fee of \$4,000 (or, if you are acquiring an existing Brand Hotel, a reduced fee of \$2,000) for onboarding services we provide to you in connection with the opening of your Hotel under the Brand. This fee is non-refundable and is due during or immediately after the onboarding process.

(g) ~~(f)~~ **Initial Brand Training Fee.** In connection with your initial brand training obligations under Section 5.(b) below, you must pay us our initial brand training fee, which is \$1,500 as of the Effective Date. 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. You are also responsible for all of the expenses you and your employees incur in connection with attending the brand training.

~~(h) (g) **Quality Assurance Inspection Program Fees.** 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 Hotel's computer systems, including hardware, software, security, configurations, connectivity and data access, and other technology used in the operation of your Hotel; (5) interview the Management Company (as defined in Section 14.(p)), 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, the cost of which you will be required to reimburse to us. You must pay our then-current quality assurance inspection program fees, including any~~

~~third-party fees. If we exercise any of the foregoing rights, we will not interfere unreasonably with the operation of your Hotel. You agree to cooperate with us fully.~~

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 for your Hotel. We may provide these programs through our affiliates or agents. We (or our affiliates or agents) may conduct an evaluation of your Hotel using the Brand Standards. The inspection entails a review of hotel operations and costs up to \$2,500 for the first inspection. 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. 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 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 personnel's travel and meal expenses. If a quality assurance inspection is necessary to remediate guest satisfaction deficiencies, you may be required to pay \$5,000 for such remediation inspection. The frequency and methodology of inspections may change from year to year. The Quality Assurance Inspection Program Fees are subject to change pursuant to Section 3.(m).

~~You acknowledge that your obligation to comply with the Brand Standards is unconditional. 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 will be required to provide overnight accommodations at your Hotel, free of charge, to our representatives in connection with an inspection or 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).~~

(i) ~~(h)~~ **Operations Insights Fee.** You will pay us a non-refundable fee of up to \$69,507.5 per month (the "**Operations Insights Fee**"), which is subject to change pursuant to Section 3.(m). The Operations Insights Fee covers your participation in Operations Insights, which is required of all Brand Franchisees.

(j) ~~(i)~~ **PMS-to-CRS Enhanced Connectivity Fee.** You will pay us a non-refundable aggregate monthly fee of \$99 (the "**PMS-to-CRS Enhanced Connectivity Fee**") in association with connecting your property management system ("**PMS**") to our central reservation system ("**CRS**") and in connection with our utilization of a data enrichment platform. The amount of the PMS-to-CRS Enhanced Connectivity Fee is subject to ~~increase from time to time as the third-party fees included in the PMS-to-CRS Enhanced Connectivity Fee increase.~~ change pursuant to Section 3.(m).

(k) ~~(j)~~ **Revenue Management Insights Fee.** You will pay us a non-refundable fee of \$149,155 per month (the "**Revenue Management Insights Fee**"), which is subject to change pursuant to Section 3.(m). The Revenue Management Insights Fee covers your participation in Revenue Management Insights, which is required of all Brand Franchisees.

(l) ~~(k)~~ **Third-Party Fees.** ~~We~~ Notwithstanding the foregoing, we may periodically 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.

(m) **Fee Adjustments.** We reserve the right to increase any of our fees, no more than once per year, at our discretion by up to the greater of (i) five percent (5%) annually (ten percent (10%) annually for Operations Insights Fees and Travel Management Companies and Consortia 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 (the "Fee Adjustment"). "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).

~~(n) (f)~~ **Other Fees/Rename Programs.** You will pay us such other fees designated in this Agreement, in the Brand Manual (defined in [Section 5.\(c\)](#)) or otherwise provided to you in writing. We have the right to rename certain programs, add or remove programs, and modify fees for various elements of the Brand and other programs or services as described in this Agreement, the Brand Manual or otherwise provided to you in writing, at our sole, but reasonable discretion. 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 amendment, letter or similar document (as of the Effective Date, \$2,000 per lender comfort letter and up to \$2,500 for any amendment or other documentation), plus any additional costs we may incur in preparing or reviewing such amendment, letter or other documentation, including reasonable attorneys' fees. [This fee is subject to change pursuant to Section 3.\(m\).](#)

4. **Payments.**

(a) **Billing Start Date.** Unless otherwise specified in this Agreement, your obligation to make monthly payments of the [Royalty and Brand Promotion](#) Fee will begin on the Opening Date, and you will pay all invoiced amounts within 30 days of the date of the applicable invoice. Notwithstanding the foregoing, you will be obligated to make payments for all other fees and commissions from the time those fees are incurred, regardless of the Opening Date. Your obligations to pay amounts due to us or any of our designees will not be suspended as a result of any interruption to your business regardless of the cause. In the event you are executing this Agreement in connection with your acquisition of an existing Brand Hotel, your obligation to make monthly payments of the [Royalty and Brand Promotion](#) Fee will commence on the date you consummate the acquisition of the Hotel; you will be responsible for all booking and transaction fees incurred in connection with consumed reservations from the date of your acquisition.

(b) **Payment System.** Unless otherwise directed by us, all payments required to be provided by you to any of our affiliates or us will be effectuated by an automated payment system using automatically recurring electronic funds transfer that we initiate ("**Recurring EFT**"), also known as Auto Pay. You will authorize automatically Recurring EFT payments prior to activation in the Brand and will cooperate with us to implement and maintain the efficient process of Recurring EFT payments. You must ensure that we have up-to-date viable payment instructions (e.g., bank account and routing numbers) at all times during the Term of this Agreement. You also shall maintain such bank account(s) for such payments and shall maintain an account balance that at least covers your [Royalty and Brand Promotion](#) Fee and any other fee described in [Section 3](#). You shall not alter or close any such account, except with our prior written approval. If we permit you to pay by any other means, we may require payment of an alternative payment fee that is subject to change. We may, at any time, modify the required method of payment by providing you with at least 30 days' prior notice. Your obligation to pay amounts due to us or to any of our designees will not be suspended as a result of any interruption to your business, regardless of the cause. All amounts payable by you or your owners to us or our affiliates must be in United States Dollars (\$USD), unless we specify otherwise.

(c) **No Right of Setoff.** Your obligations to make payments in accordance with this Agreement are absolute and unconditional. They are not subject to any setoff for any reason whatsoever.

(d) **Late Charges.** If any payment under this Agreement or any other agreement between you and us is overdue for any reason you will pay to us on demand a late charge equal to the lesser of (a) 1.5% of the overdue amount or (b) the maximum rate allowed by law. If a greater amount than may be lawfully collected is inadvertently collected, it will be applied to reduce outstanding amounts owed under this Agreement. You acknowledge and agree that if you fail to pay any amounts when due, we may report your delinquent payment to credit bureaus.

(e) **Taxes.** If any gross receipts, sales, use, excise or any similar tax that is based upon gross income or revenues is imposed upon us for the receipt of any payments you are required to make to us under this Agreement, then you must also pay us, as applicable, an amount equal to such tax. If any gross receipts, sales, use, excise or any similar tax that is based upon gross income or revenues is imposed upon the payment made pursuant to this [Section 4.\(e\)](#), the amount due under this [Section 4.\(e\)](#)

will be an amount such that the net amount retained by us, after payment of such tax, equals the tax imposed on all payments made under this Agreement.

(f) **Booking Fees and Commissions.** 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. You agree to timely pay all such fees and commissions. A summary of the applicable booking fees and commissions as of the Effective Date is set forth on [Schedule 4.\(f\)](#). These booking fees and commissions are subject to change ~~;~~ [pursuant to Section 3.\(m\)](#).

(g) **Rebates.** You acknowledge that suppliers from which you choose to acquire products or services may pay us rebates, or provide us with other benefits, based on your purchases of those products and services.

5. **Our Duties.** We will consult with you, assist you, and provide certain services to you (as long as you are not in default under this Agreement), as follows:

(a) **Central Reservation System.** We will provide you with access to the brand-designated CRS. The Hotel may not book reservations through any other electronic reservation system, booking engine, unapproved third-party distribution system, or other technology. Prior to the Opening Date, we will gather all information we need from you to build your Hotel into the CRS. [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 CRS for any persons seeking to make a reservation for a stay on any date on or after the termination or expiration of this Agreement.](#) We reserve the right to change, modify or eliminate the CRS at any time.

(b) **Brand Training.** Prior to opening your Hotel, or within 90 days of activating your Hotel in our 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 (4) 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 (\$1,500 as of the Effective Date). 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.

You are required to ensure that your Hotel Representatives are adequately trained. To that effect, upon completion of training, you must provide us with verification of successful completion of training. All training must be completed to our satisfaction.

You (or your Principal) (as defined in [Section 1314.\(c\)\(v\)](#)) 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 will 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. Attendance will not be required for more than five (5) days during any calendar year. You agree to pay all costs to attend, including the attendance fees we then charge. You will also have access to our IT Help Desk for support with one email account we provide and our owner’s information portal.

We may require your Hotel Representatives 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 (as of the Effective Date (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). These fees are subject to change pursuant to Section 3.(m). We will not require attendance at more than two such courses, or for more than a total of three (3) business days, during a calendar year. Besides attending these courses, you agree to attend the Brand Conference, 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.

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.

(c) **Brand Manual.** We will provide you, for your use during the Term, with one or more documents or guides commonly referred to as the brand standards manual together with supporting documentation (collectively, the "**Brand Manual**"). The Brand Manual may include the Brand Standards and information on suggested procedures and your other obligations under this Agreement. We may change the Brand Manual periodically. We may provide the Brand Manual in an electronic medium, including by download from our website.

(d) **Brand Conference.** We will convene a Brand conference (the "**Brand Conference**") no less frequently than every 24 months, at which Brand Franchisees may network and participate in educational seminars. If you have paid all of your Conference Fees in accordance with this Agreement, one of your representatives may attend the Brand Conference for no additional registration fee, and you will be solely responsible for your attendees' expenses of travel, lodging, certain meals, and other out-of-pocket costs (as well as the registration fee for each additional attendee).

~~(e) **Marketing; Brand Promotion.** Periodically, we may include your Hotel, or cause your Hotel to be included in (i) national or regional group advertising of some or all Brand Hotels, and (ii) international, national and regional market programs offered by us subject to and in accordance with our general practice for Brand Hotels. We may modify references to the address of your Hotel to help optimize marketing programs and opportunities; provided, however, if there is a significant change in a reference to your Hotel's address, we will confer with you, but we will have sole discretion in how your Hotel's address is referenced.~~

We and our affiliates have established a brand promotion program for all Network Hotels (as defined in this Section 5(e) below). 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.

We may or our affiliates or other designees may use some or all of your Brand Promotion Fees, 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 Network Brands (defined below), including global sales, but we are not obligated to do so. We 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 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 Network Hotels and further developing the reputation and image of 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 ~~or,~~ and personnel with any other entity, including our affiliates. ~~Any expenditures are intended for the benefit of the Network Brands.~~

We and our affiliates will account for Brand Promotion Fees separately from our other funds, 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 salaries and benefits of personnel who directly or indirectly manage and administer the brand promotion programs, associated administrative costs, travel expenses of personnel while they are on corresponding business, meeting costs, overhead relating to the brand promotion programs, and other expenses that we incur in activities 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 brand promotion 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 the brand promotion program or any other reason. We or our affiliates will use Brand Promotion Fees for the purposes described in this Section 5.(e). 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, 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 5.(e).

We need not ensure that brand promotion program expenditures in or affecting any geographic area are proportionate or equivalent to Brand Promotion Fees paid by Network Hotels operating in that geographic area or that any 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. Except as expressly provided in this Section 5.(e), 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 5.(e).

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.

"Network BrandsMarks" refers to each of the following brands, and their various extensions: The James®, Sonesta® Hotels and Resorts, Royal Sonesta®, Hotel RL®, MOD A Sonesta CollectionSM, Classico ~~A-Sonesta~~-CollectionSM by SonestaSM, Sonesta ES Suites®, Sonesta® Simply Suites, Sonesta® Select Hotels, Sonesta Essential HotelsTM, Red Lion Hotel® and Red Lion Inn & Suites®, Lexington®, Jameson Inn®, Americas Best Value Inn®, Country Hearth Inn®, SignatureSM, Signature InnSM,

GuestHouse®, GuestHouse Extended StaySM, Canadas Best Value InnSM, America's Best Inn®, Knights Inn® and any other brands that we or our affiliates own, license, create or acquire from time to time. [The hotels that we, our affiliates, and our and their franchisees or licensees operate under the Network Marks are collectively referred to as the "Network Hotels."](#)

(f) **Third-Party Distribution Program.**

(i) We participate in most major distribution channels and have established enterprise-level agreements with many leading intermediaries for various distribution channels, pursuant to which such distribution channels and online travel agencies, or OTAs, will offer your hotel room inventory through their websites including, in some cases, rooms at our loyalty program member rates (the "**Third-Party Distribution Program**"). You must participate in the Third-Party Distribution Program with those channels that we designate and under the terms and conditions we have negotiated, including pricing terms. 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 CRO (call center) and CRS, in connection with stays booked at your Hotel through their websites. Those fees are subject to change by the applicable third parties. [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 payable to us based on such Gross Rooms Revenue \(as defined in Section 7\(n\)\).](#)

(ii) You must connect to all third parties through our CRS, unless such third-party does not directly or indirectly offer interfaces for the CRS. You may not bypass the CRS by connecting such third-party distribution channel to your PMS. You must maintain rates and inventory in the CRS 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. For repeated occurrences requiring additional notice to you, we may charge you additional fees. You may request that we assist you with updating the CRS rate and inventory database for an additional reservation system maintenance fee of \$150 per occurrence (e.g., rate changes; inventory adjustments; non-emergency CRS close-outs). [These fees are subject to change pursuant to Section 3.\(m\).](#)

(g) **Approved Products, Services, and Suppliers.** We and our affiliates reserve the right to periodically designate and approve standards and specifications of the furniture, fixtures, and equipment 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. 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 [Royalties](#), [Brand Promotion Fees](#), 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.

From time to time, we may require you to enter into, and comply with all of the provisions of, agreements with certain designated suppliers or vendors. The terms of each of these agreements may not be amended by you in any manner and may be subject to change by the third parties without notice.

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.

(h) **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 the Brand or any or all of the Network [Brands/Hotels](#). As of the Effective Date, Brand Franchisees 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 sole discretion. You must participate in and honor the terms of any and all loyalty, discount or other promotional program applicable to Brand Franchisees 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 may require in order 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 2.5% 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. [We reserve the right, at any time and upon notice to you, to increase the loyalty program fee, provided that the loyalty program fee that we impose shall not exceed 4.5% of your Hotel's Qualified Revenue. 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.

(i) **Call Center.** We will provide you access to the CRO (call center).

(j) **Duties Solely to You; Delegation of Duties.** All of our obligations under this Agreement are owed solely to you. No other party may rely on, enforce, or obtain relief for breach of such obligations either directly or by subrogation. You acknowledge and 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 any of our present or future owners, subsidiaries or affiliated entities, our agents, or independent contractors with whom we have contracted to perform these obligations.

6. **Websites and Internet Marketing.** You may not register, own, maintain or use any domain name, website, email address, social media account, username, other online presence or presence on any electronic, virtual, or digital medium of any kind (collectively, “**Online Presence**”), relating to the Brand or the Hotel or that includes any ~~service marks of the Network Brands that we own and license to franchisees~~ (“**Network Marks**”), except as approved in advance by us in writing. 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 or 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 Brand, the Marks and the Network Marks will survive the expiration or earlier termination of this Agreement and that we retain the right to pre-approve your use of linking and framing between your Internet (or other network) web pages and all other websites as further described below. We have the right to determine the content and use of online or electronic media associated with any of the Marks or Network Marks. You may not participate in any Online Presence that markets goods and services under the Marks or Network Marks unless it is first approved in writing by us. We will establish and host three e-mail addresses for your Hotel. You may not use any other e-mail addresses in the operation of your Hotel.

You acknowledge that you may not, without a legal license or other legal right, post on your 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). You also agree to incorporate on your Online Presence any other information we require in the manner we deem necessary to protect the Marks and Network Marks.

We will own the rights to each Online Presence. At our request, 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 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, 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, and will authorize and instruct the cancellation or transfer of the Online Presence to us (or our designee), as directed by us. You must also delete all references to the Network Marks or Brand from any other Online Presence you own, maintain or operate beyond the expiration or termination of this Agreement.

Provided we have reviewed and approved the content of your Hotel’s informational web pages, we will provide you the right, at your expense, to have your Hotel’s informational web pages linked from the Brand information web page we maintain.

Your use of all Online Presence shall be subject to the Brand Standards as we may implement during the Term. You must adhere to our Online Presence guidelines and procedures that 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 social media pages and they shall be linked to the Brand social media pages we maintain. We have the right to require you to remove your social media page(s) if you fail to comply with our guidelines and procedures, as they may change from time to time.

7. **Your Duties.**

(a) **Hotel Development.**

(i) 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.

(ii) 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.

(b) **Conditions Precedent to Opening.** You will not operate the Hotel as a Brand Hotel or otherwise hold yourself out as being affiliated with the Brand until:

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

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

(iii) 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);

(iv) you hire a staff to operate your Hotel and train such staff to protect the Marks in compliance with the Brand Standards;

(v) 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 (as defined in Exhibit D-1) or Construction Work (as defined in Exhibit D-2), as applicable, has been completed to our satisfaction;

(vi) you have provided to us, and otherwise cooperated with us to gather from external sources, on a timely basis, information about your Hotel to enable us to represent your Hotel on any designated websites and in a global distribution system and other tour and travel distribution outlets;

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

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

(ix) you satisfy any other conditions that we reasonably impose.

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.

Opening your Hotel under the Marks 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.

(c) **Use of the Premises.** Without our consent, you will not use or permit the use of the Premises for any purpose other than operating the Hotel and you will not use any trademarks or service marks on the Premises or to operate the Hotel other than the Marks and any others we may designate in writing.

(d) **Operational Requirements.** To ensure that the highest degree of quality and service is consistently maintained, you must operate the Hotel in conformity with our 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 (collectively, the “**Brand Standards**”). You must actively participate in any loyalty program established for the Brand, all of the Network [BrandsHotels](#), or a select group of the Network [BrandsHotels](#) (including paying program-associated fees that may be imposed by or in connection with the program and providing guest discounts). Once you have commenced operating the Hotel, you must actively and continuously operate the Hotel for the entire duration of the Term. You agree to participate in all distribution channels that we deem appropriate and maintain inventory and price parity among the various distribution channels.

If we maintain a brand-level or corporate-level agreement with any distribution channel (such as Expedia, Travelocity, or any other online travel agency), you authorize us to enter into a sub-agreement or participation agreement with any distribution channel on your behalf. You must ensure, on an ongoing basis, that the description of your Hotel and its amenities, features, and rooms, including those you believe make the Hotel and its premises accessible to persons with disabilities, is current and accurate in the CRS, on any Online Presence, and in any third-party distribution channels. You must participate in quality assurance and customer satisfaction programs. We may periodically combine, update, revise, and change the Brand Standards. You will comply with each new or changed provision and the current version periodically in effect will supersede all prior versions. We may notify you of updates to the Brand Standards by posting them on our intranet, or in any other manner we elect. In the event of any dispute as to the contents of the Brand Standards (including those contained in the Brand Manual), the terms contained in the standards we maintain at our home office are controlling. We may also, at our discretion and as we may deem in the best interests of all concerned in any specific instance, vary standards for any Brand Franchisee based upon the particular site or circumstance. You are not entitled to any similar variation under this Agreement.

(e) **Property Management System.** Before commencing operation of the Hotel, you will ensure that the Brand-designated PMS is installed at the Premises. You will not maintain any PMS other than the PMS we designate in connection with the operation of the Hotel and all OTAs and other distribution channels must be connected to our CRS, or, if no connectivity is available for a particular distribution channel, through the designated PMS, unless directed or approved by us in advance in writing. You must enable the PMS to provide direct full two-way connectivity with our CRS and loyalty program. You will pay a one-time reservation implementation fee ~~of ranging from \$445,650 to \$1,745~~ upon ~~the~~your Hotel becoming active in the CRS ~~and a monthly interface fee, both of which are, which is~~ charged by our third-party CRS provider but invoiced and collected by us. If we change the Brand-designated PMS in the future, you may be required to purchase, lease or license new or modified computer hardware, software and PMS.

The PMS software will provide us with complete real-time cloud-based or web-based access (read only). You will provide any assistance we require to allow us to independently access and retrieve, at any time, such data and information from your PMS as we, at our discretion, deem necessary, desirable or advisable, and you expressly authorize us to do so. You are exclusively responsible for the cost of such access and retrieval. You acknowledge that we have the right to use such data and information (whether we retrieve it from your PMS or it is transmitted to the CRS from your PMS) for any lawful purpose so long as we comply with all applicable laws and our consumer privacy policy then in place.

You must process all reservations through the PMS and report all no-shows and cancelled reservations for which revenue was received (other than cancellation fees or deposits, which also must be processed through the PMS). Any failure to do so will constitute a material breach of this Agreement.

Your PMS and merchant processor must utilize tokenization provided by an approved vendor.

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.

(f) **Employees.** You are solely responsible for making and performing all employment decisions and functions, including those related to recruiting, hiring, firing, compensation, work hours and schedules, work assignments, safety and security, training, disciplining, and supervising. Under no circumstances will your employees or other persons working at the Hotel, or engaged by you, be deemed to be employees of any of our affiliates or us.

(g) **Compliance with Laws, Rules, and Regulations.**

(i) You will comply with all applicable federal, state, and local laws, rules, and regulations.

(ii) Unless any order issued by any federal, state, or local authority requires closure of the Hotel, you will not close the Hotel unless you obtain our prior written consent. You will timely obtain, maintain, and renew when required any and all permits, certificates, licenses or franchises necessary for the full and proper conduct of the Hotel under this Agreement. No assistance, guidance, standards, or requirements

that we provide you constitute a representation or warranty of any kind, express or implied, that your Hotel is compliant with federal, state, or local laws, rules, or regulations.

(iii) Without limiting the generality of anything in this [Section 7.\(g\)\(iii\)](#), you will comply with the Americans with Disabilities Act (“**ADA**”) to the extent it applies to the Premises and the improvements constructed thereon. Prior to the Opening Date, and as of each anniversary of the Opening Date (or such other period of time as we may specify in writing), we may require you to certify to us (via an architect, general contractor, or recognized ADA standards consultant reasonably acceptable to us), on a form satisfactory to us, that the Premises is ADA compliant.

(iv) You must immediately provide us with a copy of any and all notices and correspondence that you receive from any person, entity, or government authority claiming that you or your Hotel may have violated any laws, regulations, permits, licenses, or agreements, or that an audit, investigation, or similar proceeding has been threatened and/or commenced against you or your Hotel.

(h) **Information Security.** You may from time to time have access to information that can be used to identify an individual, such as names, addresses, employee identification numbers, signatures, and credit card information (“**Personal Information**”). You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. You acknowledge and agree that all Personal Information (other than Restricted Data, defined below) is our Confidential Information and is subject to the protections in [Section 910.\(c\)](#).

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 employees, representatives, affiliates, successors, and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance, and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; and (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. You also agree to follow our instructions regarding curative actions and public statements relating to the breach. We reserve the right to conduct a data security and privacy audit of your Hotel and your point of sale and computer hardware and software systems at any time, from time to time, to ensure that you are complying with our requirements. You must promptly notify us if you receive any complaint, notice, or communication, whether from a governmental agency, customer, or other person, relating to any Personal Information, or your compliance with your obligations relating to Personal Information under this Agreement, and/or if you have any reason to believe you will not be able to satisfy any of your obligations relating to Personal Information under this Agreement.

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, contractors, 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.

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 and may not be shared without our express authorization.

(i) **Insurance.** You will at all times comply with the insurance requirements set forth in [Schedule 7.\(i\)](#).

(j) **Guest Relations.** Your staff and you will treat guests and other members of the public with courtesy and respect, and will attempt to resolve all guest complaints promptly and to the guests' reasonable satisfaction. If we become aware of a guest complaint, we will notify you of the same by e-mail; you will have five days from the date of that e-mail to respond with an explanation of the issue and your proposed resolution. If we disagree with your proposal, we may address the guest complaint on your behalf and in the best interests of the Brand. You will pay us a \$25 fee for every guest or other complaint we receive. If the issue raised is not resolved to our satisfaction within 48 hours of our communication to your Hotel, then the fee will be raised to \$75 per issue. If it becomes necessary for us to resolve it, then the fee will be raised to \$125 per issue, plus we will charge you the cost of the resolution. Repeated guest complaints (whether or not resolved) may result in your suspension under [Section 4.12\(a\)](#) or termination of this Agreement.

(k) **Online Review Response Program.** If you do not respond to any negative online review within 72 hours of the posting of such review, we (or our designee) may respond (either directly or indirectly on your behalf), in which case you will pay us \$39 to \$150 for each response. These fees may be increased based on the frequency and nature of complaints and negative online reviews and your responsiveness (e.g., the time it takes you to respond to guest reviews). Repeated negative online reviews (whether or not responded to) may result in your suspension under [Section 4.12\(a\)](#) or termination of this Agreement.

(l) **Local Marketing.** You must provide us, for our approval, all materials to be used for local marketing (and all other advertising and promotional materials and Online Presence), unless they have already been approved or consist solely of materials provided by us. If, within 10 business days from the date we receive such submitted materials, you do not receive our approval of your proposed materials, they are considered disapproved. All materials on which the Marks are used must include the applicable designation service mark SM, trademark ™, registered trademark ®, copyright ©, or such other designation as we may specify. If, in our judgment, such materials or advertising may injure or harm the Brand, we may notify you to withdraw or discontinue the use of any advertising or promotional materials or Online Presence, even if previously approved. Within five days after delivery of such notice, you must withdraw and discontinue use of the relevant advertising and promotional materials or use of such Online Presence.

(m) **Products and Services the Hotel Offers.** You agree that you (1) will offer and sell from your Hotel the products and services that we periodically specify or otherwise authorize; (2) will not offer or sell at your Hotel 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.

(n) **STR Reporting Requirement.** You will report your rooms sold and Gross Rooms Revenue to STR (formerly Smith Travel Research) on a monthly basis. "**Gross Rooms Revenue**" means all revenue calculated based on the sale or rental of Guest Rooms of the Hotel, 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, credit transactions, and the proceeds from any business interruption insurance applicable to loss of revenues due to the non-availability of Guest Rooms. Excluded from Gross Rooms Revenue are allowances for any Guest Room rebates and overcharges; separate charges to guests for food and beverage, and room service; actual telephone charges, key forfeitures, and entertainment fees (including Internet fees and commission); vending machine receipts; and federal, state, and local taxes collected directly from patrons or guests.

(o) **Professional Photography.** You must hire a professional photographer to take photographs of your Hotel prior to the opening of your Hotel. If at any time during the Term your Hotel undergoes significant revisions, or you make improvements in accordance with an issued PIP that we issue to you, we may require you to hire a professional photographer, approved by us and at your expense, to conduct an additional photo session for your Hotel. [Unless we direct you to pay the third-party vendor directly, all photography sessions will be paid to us.](#)

8. 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 Hotel's computer systems, including hardware, software, security, configurations, connectivity and data access, and other technology used in the operation of your Hotel; (5) interview the Management Company (as defined in Section 15.(o)), 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, the cost of which you will be required to reimburse to us.

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.

9. ~~8.~~ 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. You agree to provide us with the following:

(a) Within 60 days after the end of each fiscal year, a balance sheet and profit and loss statement for your Hotel as of the end of that fiscal year, prepared in accordance with generally accepted accounting principles. We reserve the right to require that you have these financial statements, and the financial statements of any prior fiscal years, audited by an independent accounting firm designated by us in writing;

(b) 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;

(c) at our request, current financial information for your guarantors sufficient to demonstrate such guarantors' ability to satisfy their financial obligations under their individual guarantees; and

(d) such other information and reports as we request from time to time.

We may disclose data derived from these reports for any reason 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 your bookkeeping, accounting, and recordkeeping systems 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.

10. ~~9.~~ **Marks; Confidential Information.**

(a) **Definitions of Marks.** “Marks” means the service mark Signature InnSM and all other trademarks, service marks, trade names, logos, and commercial symbols that we authorize you to use as part of the Brand.

(b) **Your Use of the Marks.** You may use the Marks only in accordance with the Brand Standards and as permitted by this Agreement and the attached Schedule 9~~10~~.

(c) **Confidential Information.**

(i) To protect our reputation and goodwill, you will conduct your Hotel in accordance with the Brand Standards, including those contained in the Brand Manual and other writings provided by us. The Brand Standards are an integral part of this Agreement and have the same force and effect as if fully set forth in this Agreement. In connection with your franchise under this Agreement, 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 (collectively, the "Confidential Information") relating to developing and operating Brand Hotels, whether or not marked confidential, including (without limitation): (a) site selection criteria (b) training and operations materials and manuals, including the Brand Manual; (c) 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; (d) market research, promotional, marketing, and advertising programs for Brand Hotels; (e) knowledge of specifications for, and suppliers of furniture, fixtures, equipment, products, and supplies; (f) any computer software and hardware 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; (g) knowledge of the operating results and financial performance of Brand Hotels, other than your Hotel, and (h) 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.

(ii) Confidential Information does not include Restricted Data, 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.

(iii) 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 Brand Standards and any Confidential Information. All improvements, developments, derivative works, enhancements, or modifications to the Brand Standards 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 [910](#).(c), 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 [910](#).(c) with the same legal force and effect as if executed by you. The obligations of this Section [910](#).(c) shall survive any expiration or termination of this Agreement.

11. ~~10~~-Transfers.

(a) **Transfer by Us.** We maintain a staff to manage and operate the Brand and staff members can change as employees come and go. You represent that you have not signed this Agreement in reliance on any particular manager, owner, director, officer, or employee remaining with us in any capacity. We may change our ownership or form or assign this Agreement and any other agreement to a third-party without restriction.

(b) **Transfer by You.**

(i) Unless otherwise expressly permitted by this Agreement, without our prior consent, you may not sell, assign or otherwise dispose of this Agreement or any direct or indirect interest in this Agreement, your Hotel or substantially all of its assets. Any purported or attempted transfer by you—by operation of law or otherwise—in violation of this Agreement is null and void, and a material breach of this Agreement. Notwithstanding the foregoing, we will not unreasonably withhold, condition, or delay our consent to a transfer if all of the conditions of [Section ~~10~~11](#).(b)(iv) are satisfied.

(ii) You will provide us with at least five days' prior written notice of any transfer of voting or ownership interests in you if you are an Entity, or in any of your owners if such owners are Entities, and a transfer of 33% or more of such voting or ownership interests—individually or in the aggregate, directly or indirectly—is considered a transfer of an interest in this Agreement by you, as is a transfer of a material portion of your assets.

(iii) Neither you nor your owners (or their respective owners) may create, permit, or suffer a lien against, or pledge, mortgage, hypothecate, grant a security interest in, or in any manner encumber this Agreement (or any interest in this Agreement). Each of the acts described in the foregoing sentence, along with any leasing of your Hotel to another individual or Entity, shall be considered a transfer of an interest by you under [Section ~~10~~11](#).(b)(i).

(iv) 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:

- (A) all your accrued monetary obligations and all other outstanding obligations to our affiliates and to us have been satisfied;
- (B) you are not in default under any provision of this Agreement or any other agreement between you and us, our affiliates, or any supplier or vendor;
- (C) you have executed a general release of all claims against us, our affiliates, and our and their respective officers, directors, owners, representatives, agents and employees;
- (D) you provide us all information or documents we request about the proposed transfer, the transferee, and its owners;
- (E) the transferee enters an assumption agreement, in form and substance satisfactory to us, under which it assumes all of your obligations under this Agreement; or, if we require, the transferee enters the form of franchise agreement we then offer to new Brand Franchisees (for a term at least equal to the then remaining Term of this Agreement) and such other ancillary agreements as we may require;
- (F) the transferee or you pay us a transfer fee equal to ~~our then-current~~the Initial Fee, as set forth ~~for~~ new Brand Franchisees (the "Transfer Fee" in Section 3.(a));
- (G) the transferee has satisfactorily completed our application procedures and meets our criteria for new Brand Franchisees in effect at that time;
- (H) the transferee has or you have completed all maintenance, refurbishing, renovating, and upgrading of the Hotel required to conform the Hotel to the Brand Standards then in effect (or the transferee has agreed to a PIP with a time-frame for completion acceptable to us);
- (I) if the Premises is leased, the landlord allows you to transfer the lease or sublease the Premises to the transferee;
- (J) if your owners or you finance any part of the purchase price, we reserve the right to require that you and your owners subordinate any of the transferee's obligations under promissory notes or agreements with you or your security interests reserved in your Hotel, to the transferee's obligation to pay Royalties, Brand Promotion Fees, PMS-to-CRS Enhanced Connectivity Fees, Conference Fees, Revenue Management Insights Fees, Operations Insights Fees and other amounts due to us, our affiliates, and third-party vendors and otherwise to comply with this Agreement;
- (K) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other hotels you own and operate) identify yourself or themselves or any business as a current or former Hotel or as one of our Brand Franchisees; use any Mark, any colorable imitation of a Mark, or other indicia of a Hotel in any manner or for any purpose, including in advertising any prospective transfer that would require our approval under Section 1011.(b); 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;
- (L) the timing of the transfer is reasonably acceptable to us;
- (M) the transferee provides us with an insurance certificate for the Hotel that complies with the requirements under Section 7.(i);
- (N) you have paid us any past due balance owed by you; and
- (O) the transferee and you timely satisfy any other conditions we reasonably impose.

Upon any transfer of voting or ownership interests in you if you are an Entity, or in any of your owners if such owners are Entities, you or your transferee must immediately pay us an onboarding administration fee in the amount of \$1,000 for such transfer for the onboarding services we provide in

connection with new ownership of the Hotel. This subsequent onboarding administration fee applies to each transfer and is subject to change in our sole discretion.

Our approval of a proposed transfer is not an expression of our opinion concerning the appropriateness or fairness of the terms of the transfer or the likelihood of the transferee's success. Notwithstanding anything in this Agreement to the contrary, you may not make, permit, or suffer any transfer of this Agreement or any interest in this Agreement if you, or any of your direct or indirect owners, are the subject of either a voluntary or involuntary bankruptcy proceeding.

12. ~~11.~~ **Default and Termination.**

(a) **Suspension.** If you fail to comply with any obligation or requirement imposed by this Agreement and you fail to cure such default within two days, unless a longer cure period is specified in a notice of default we deliver to you, then, without any further notice to you, (i) you will immediately be suspended from the CRS, and (ii) we have the right, at our sole discretion, to suspend your access to any revenue-generating or revenue-related programs (such as group and corporate leads and Revenue Management Insights). However, all fees continue to accrue during the suspension period. We will reinstate your rights only if you: (a) take all actions necessary to correct any deficiencies detected during any quality assurance inspection visits, or cure such default and provide evidence of cure satisfactory to us within the time frame stated in the notice, whichever is applicable; and, if required, (b) pay our then current reactivation fee. Exercising our suspension rights pursuant to this Section 11.12.(a) does not preclude us from exercising any other rights and remedies—including our right to terminate this Agreement pursuant to Sections 11.12.(b) or 11.12.(c)—if the applicable default has not been cured within any permitted cure period. Notwithstanding anything set forth in this Agreement, we reserve the right to immediately suspend your rights under this Agreement, without prior notice, if we reasonably believe the operation or condition of the Hotel presents a potential threat to the life or safety of any person, or if you have been cited with the violation of any health, safety, or sanitation law, ordinance, or regulation.

(b) **Termination by Us—After Notice and Right to Cure.** In addition to the defaults specified in Section 11.12.(c), you are in default under this Agreement if:

(i) you fail to pay us, any of our affiliates, or any required third-party any amount due under this Agreement or any other agreement when such amount is due, or you fail to enroll with us to initiate automatic recurring payments;

(ii) a serious or imminent threat or danger to public health or safety results from constructing, maintaining, or operating the Hotel and such threat or danger remains uncorrected for five days after we or any governmental authority deliver written notice of the threat or danger, regardless of any longer period of time that any governmental authority may have given you to cure such threat or danger, unless a cure cannot be reasonably completed in such time, in which event you will immediately begin to take all reasonable steps to cure;

(iii) you or any of your officers, directors, owners or managerial employees engage in conduct that is harmful to, or reflects unfavorably on, you, us, or the Brand; or engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, guests, our representatives, or the public at large;

(iv) we become aware of guest complaints (whether resolved or not) that we deem to be excessive;

(v) you fail to procure or maintain any insurance required by this Agreement;

(vi) you (or any of your owners) (a) fail on three or more separate occasions within any 12 consecutive month period to comply with this Agreement, whether or not you correct the failures after our delivery of notice to you; or (b) fail on two or more separate occasions within any six consecutive month period to comply with the same obligation under this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

- (vii) you have three or more guest complaints that have not been resolved to our reasonable satisfaction;
- (viii) you fail to comply with any Brand Standards; or
- (ix) you fail to comply with any other obligation or requirement under this Agreement.

Prior to terminating this Agreement for any of the above defaults, we will provide you a notice of default briefly describing the nature of the default and the cure period, which will be five days unless a longer cure period is specified in the notice of default. Except as otherwise provided in [Section 11.12.\(c\)](#), or elsewhere in this Agreement, if any default described in a notice of default is not cured and evidence of such cure provided to us by the end of the cure period—or such longer period as applicable law may require—without any further notice to you, we may immediately terminate this Agreement. To the extent a cure is permitted under this Agreement, you have the burden of proving you properly and timely cured any default.

(c) **Termination by Us—After Notice, No Right to Cure.** Upon the occurrence of any of the following events, without providing you with any opportunity to cure, we may, by notice, immediately terminate this Agreement:

- (i) you or any of your owners have made or make any material misrepresentation in obtaining the License, including in any franchise application submitted to us, or operating your Hotel;
- (ii) you abandon the Hotel or, for more than seven consecutive days or 14 days in any calendar year, you cease to conduct the Hotel at the Premises; you lose the right to possess the Premises; or you otherwise forfeit the right to do or transact business in the jurisdiction where the Premises is located;
- (iii) you fail to start operating your Hotel by the Opening Date;
- (iv) you deny us the right—or otherwise interfere with, impede, or impair our exercise of our right—to inspect the Hotel or retrieve information from the PMS;
- (v) any person attempts or purports to transfer any rights or obligations under this Agreement without our prior consent or otherwise breaches any of the provisions of [Section 10.11](#);
- (vi) any breach occurs under [Section 9.10](#), or any other provisions related to Confidential Information or the Marks;
- (vii) you become insolvent or make a general assignment for the benefit of creditors; a petition in bankruptcy is filed by you or such a petition is filed against or consented to by you and such petition is not dismissed within 45 days; you are adjudicated as bankrupt; a bill in equity or other proceeding for the appointment of a receiver of you or other custodian for your business or assets is filed and consented to by you; a receiver or other custodian (permanent or temporary) of your business or assets is appointed by any court of competent jurisdiction; proceedings for a composition with creditors under federal or any state law is instituted by or against you; execution is levied against your operation or property, or suit to foreclose any lien or mortgage against the Premises or your other assets is instituted against you and not dismissed within 45 days; a substantial portion of your real or personal property used in the Hotel is sold after levy thereupon by any sheriff, marshal, or constable; or
- (viii) you or any of your affiliates default under any other agreement with our affiliates or us (including any other franchise agreement or any agreement with any supplier or vendor) and fail to cure such default within any applicable cure period, if any.

(d) **Right to Perform.** If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to perform your obligations. If we do, you will immediately reimburse us for the actual costs of so performing. If we exercise our rights under this provision, that will not affect our right to terminate this Agreement under [Sections 11.12.\(b\)](#) or [11.12.\(c\)](#) above.

(e) **Condemnation.** You will, at the earliest possible time, give us notice of any proposed taking of any portion of the Hotel by eminent domain. If we agree that the Hotel or a substantial part of the Hotel is to be taken, we may, at our sole discretion and within a reasonable time of the taking (within four months) transfer this Agreement to a nearby location you select. If we approve a new location, and if within one

year of the closing of the Hotel you open a new hotel (or are diligently proceeding toward opening a new hotel and ultimately do so) at the new location in accordance with our specifications and in accordance with our timing requirements, then the new hotel will be deemed to be the Hotel licensed under this Agreement. If a condemnation takes place and a new hotel does not, for whatever reason, become the Hotel under this Agreement within one year of the closing of the Hotel, then we may terminate this Agreement immediately upon notice to you, and we will require you to pay us the Lost Revenue Damages under [Section 1213.\(b\)](#).

(f) **Casualty.** If the Hotel is damaged by fire or other casualty, you will immediately notify us. If the damage or repair requires closing the Hotel, you may choose to repair or rebuild the Hotel according to the Brand Standards, provided you (i) immediately notify us, (ii) begin reconstruction within six months after closing, and (iii) re-open the Hotel for continuous business operations as soon as practicable (but in any event within 18 months after the closing of the Hotel), giving us ample advance notice of the date of reopening. The Term shall be extended the number of days the property is not open for business operations. We each have the right to terminate this Agreement, without penalty, if you elect not to repair or rebuild the Hotel.

13. ~~12-~~ Your Obligations upon Termination or Expiration. Upon the expiration or sooner termination of this Agreement, all rights granted under this Agreement to you terminate immediately, and the provisions of this [Section 1213](#) apply to the rights and obligations of the parties.

(a) **Payment of Outstanding Amounts.** Within 10 days after the effective date of termination or expiration, you will pay all [Royalties](#), Brand [Promotion](#) Fees, PMS-to-CRS Enhanced Connectivity Fees, Conference Fees, Revenue Management Insights Fees, Operations Insights Fees, Sonesta Travel Pass fees, amounts owed for products or services you purchased from our affiliates or us, and all other unpaid amounts you owe to us, our affiliates and all suppliers and vendors.

(b) **Lost Revenue Damages.**

(i) If we terminate this Agreement pursuant to [Sections 1112.\(b\)](#) or [1112.\(c\)](#), or you terminate this Agreement without cause, you will pay us a lump-sum payment equal to the [Royalties](#), Brand [Promotion](#) Fees, Conference Fees, PMS-to-CRS Enhanced Connectivity Fees, Revenue Management Insights Fees and Operations Insights Fees payable for the period from the termination date through the end of the Term ("**Lost Revenue Damages**"). This is not a penalty, but a bona fide estimate of our liquidated damages arising from such early termination. You and we agree that the calculation described in this Section is a calculation only of the damages that we would suffer due to the loss or interruption of the revenue stream we would have derived from your continued payment of [the Royalties](#), Brand [Promotion](#) Fees, Conference Fees, PMS-to-CRS Enhanced Connectivity Fees, Revenue Management Insights Fees and Operations Insights Fees, and that nothing herein shall preclude or limit us from proving and recovering any other damages caused by your breach of this Agreement. In the event you have more than thirty-six (36) months remaining in your Term, we will cap our calculation of Lost Revenue Damages at thirty-six (36) months.

(ii) If you fail to comply with all of your obligations under paragraph b. of [Schedule 1213](#) within 30 days after the expiration or sooner termination of this Agreement, you will also pay us \$500 for each day in which you are in breach of such obligations.

(iii) The parties agree that it would be difficult if not impossible to determine the amount of damages that we would suffer if this Agreement is terminated. Nevertheless, the parties agree that the lump sum payments provided under this [Section 1213.\(b\)](#) are reasonable in light of the damages we may be expected to incur. You acknowledge that your obligation to pay us Lost Revenue Damages is in addition to, not in lieu of, your obligations to pay other amounts due to us under this Agreement up through the date of termination, including payments due under annual or multi-year commitments (whether incurred by you directly or by us on your behalf) and any unpaid start-up or connectivity fees, and to strictly comply with your post termination obligations. The legal remedies under this Agreement will not preclude us from equitable remedies to which we may be entitled under applicable law.

(c) **Pre-Opening Damages.** If you breach this Agreement and we terminate this Agreement, before the Opening Date, 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 the 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 \$1,000 for each Guest Room.

(d) **Transfer or Sale of Hotel to Third-Party.** If you sell, assign or transfer all or substantially all of the assets of the Hotel to a third-party that will not operate the Hotel under any of the Network **BrandsMarks**, all of your de-identification obligations under this **Section 1213** (and as required in **Schedule 1213** attached hereto), must be completed prior to the sale, assignment or transfer to ensure that the third-party buyer, assignee or transferee does not operate the Hotel under the Brand.

14. ~~13.~~ Representations and Warranties.

(a) **Lease Term.** If the Premises is leased, you represent and warrant that the term of the lease is at least as long as the initial Term of this Agreement. Within five days of receipt, you will forward to us any notice of default or breach under the lease for the Premises.

(b) **Specially Designated National or Blocked Person.** You represent and warrant to us, as an express consideration for the franchise granted hereby, that neither you nor any of your owners, employees, agents, or representatives, nor any other person or entity associated with you, is now, or has been:

(i) Listed on: (a) the U.S. Treasury Department's List of Specially Designated Nationals, (b) the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders, (c) the U.S. State Department's Debarred List or Nonproliferation Sanctions, or (d) the Annex to U.S. Executive Order 13224.

(ii) A person or entity who assists, sponsors, or supports terrorists or acts of terrorism, or is owned or controlled by terrorists or sponsors of terrorism.

You further represent and warrant to us that you are 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 you to us or our affiliates are and will be legally obtained in compliance with these laws. You agree not to, and to cause all owners, employees, agents, representatives, and any other person or entity associated with you not to, during the term of this Agreement, take any action or refrain from taking any action that would cause such person or entity to become a target of any such laws and regulations.

(c) **Further Assurances.** You also represent and warrant that:

(i) 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;

(ii) 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;

(iii) 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;

(iv) 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 form of guaranty, as of the Effective Date, is attached hereto as Exhibit C. Subject to our rights and your obligations under **Section 1112**, 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;

(v) 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 of this Agreement as permitted hereunder;

(vi) If you are an Entity, the Principal and the Management Company, 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

(vii) You (or any 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 Entity that you own, or if you are an Entity, any of your owners) are a party or by which you (or any Entity that you own, or if you are an Entity, any of your owners) are bound or require any approval or consent of any other person.

From time to time during the Term, upon our request, you shall duly execute, acknowledge and deliver all such further instruments and documents we request to demonstrate that each of the foregoing representations was accurate at the time such further assurance is provided, including without limitation, delivering a copy of your current lease agreement, deed, and/or governing documents.

15. ~~14.~~ General Provisions.

(a) **Indemnification.** You must indemnify us, our current and former parents, subsidiaries and affiliates, and our and their current and former respective officers, directors, owners (direct and indirect), employees, representatives, agents, successors and assigns (each, an “**Indemnified Party**”) for all damages any of those parties suffers and costs (including enforcement costs) any of those parties incur relating in any manner to your ownership or operation of your Hotel, including without limitation, (i) any claims arising in connection with the accessibility descriptions of your Hotel, as required under Section 7.(d), ~~or (ii)~~ as a result of your breach of any of the representations and warranties provided in Section ~~13~~14 of this Agreement, (iii) as a result of your breach of this Agreement, and/or (iv) any claims instituted by your employees or by others that arise from your employment practices. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity will continue in full force and effect. Each Indemnified Party may, in 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.

(b) **Independent Status.** This Agreement does not create a fiduciary relationship between you and us. You are an independent contractor. Unless expressly provided to the contrary, nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose whatsoever. You will take such affirmative action as we request to disclose to the public that you are independent from us, including displaying signage at your front desk that identifies the name of the owner or operator of the Hotel and that you operate it under a license from us, which signage must conform to our Brand Standards.

(c) **Amendments; Binding Effect; Survival.** The provisions of this Agreement may be amended, supplemented, waived or changed only by a written document signed by the party as to whom enforcement of any such amendment, supplement, waiver, or modification is sought and making specific reference to this Agreement. This Section ~~14~~15.(c) is subject to the terms of Sections ~~9~~10.(c)(i) and ~~14~~15.(f). All of the terms and provisions of this Agreement are binding upon, inure to the benefit of, and are enforceable by the parties and their respective legal representatives, heirs, successors, and permitted assigns. All our and your respective obligations that expressly or by their nature survive the expiration or

sooner termination of this Agreement continue in full force and effect subsequent to and notwithstanding its expiration or termination.

(d) **No Disparagement.** Both during and after the Term, you and your owners agree not to: (i) subject us or our affiliates or any of our or their respective officers, directors, stockholders, employees, or representatives, any other Brand Hotels or their owners or franchisees of the Network [BrandsHotels](#), any aspect of the Brand or the Network [BrandsMarks](#), or any other of our brand concepts or those of our affiliates, to ridicule, scandal, reproach, scorn, or indignity, (ii) disparage or negatively impact the goodwill of the Brand or the Network [BrandsMarks](#), or (iii) take any action that would constitute an act of moral turpitude.

(e) **Notices.** All notices and other communications required or permitted under this Agreement must be in writing and will be deemed delivered: (i) on the date delivered if by personal delivery; (ii) on the date of transmission if by e-mail (as long as the sender confirms the e-mail by delivering an original confirmation copy by mail or expedited delivery service, in accordance with this [Section 14.15\(e\)](#), within three days after transmission); (iii) on the next business day after being placed in the hands of a nationally-recognized commercial courier service for next business day delivery; or (iv) on the date upon which the return receipt is signed or delivery is refused if mailed by registered or certified mail (postage prepaid), return receipt requested. ~~Each~~if notice ~~must be addressed to the appropriate party at its~~ is to us, initially it shall be at the address set forth ~~below its signature or to such other address as that party may designate by notice complying with the terms of this Section 14.(e).~~ For any notice that we send to you via a nationally-recognized commercial courier service in accordance with this Section 14.(e), we may require you to reimburse us for shipping expenses 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.

(f) **Severability; Waivers.** If it turns out that a particular term is not enforceable, this will not affect any other term, and we may, at our discretion, modify any unenforceable term to the extent required to be valid and enforceable. If you do not comply with the terms of this Agreement, and we do not take action right away, this does not mean that we are giving up any rights that we may have (such as taking action in the future).

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.

(g) **Governing Law; Venue and Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement and any related agreement, and all transactions contemplated by this Agreement and any related agreement, as well as our offer, sale, or negotiation of a franchise under the Brand or the relationship of the parties arising from the franchise or from entering this Agreement, are governed by, and must be construed and enforced in accordance with, the internal laws of the Commonwealth of Massachusetts, without regard to its conflict-of-laws principles. NOTWITHSTANDING THE FOREGOING, ANY STATUTES OF THE COMMONWEALTH OF MASSACHUSETTS REGULATING THE OFFER OR SALE OF FRANCHISES, BUSINESS OPPORTUNITIES, OR SIMILAR INTERESTS OR GOVERNING THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES TO THIS AGREEMENT, OR BETWEEN US AND YOUR GUARANTORS AND OWNERS, IF ANY, DO NOT APPLY UNLESS THEIR RESPECTIVE JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. Any claims, controversies, disputes or actions arising from this Agreement and any related agreements, and all transactions contemplated by this Agreement and any related agreement must be brought in the federal court nearest to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts); provided, that, if the federal court lacks jurisdiction, then such claims, controversies, disputes or actions must be brought in the state court nearest

to our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the parties. You (and your owners and guarantors) irrevocably submit to the jurisdiction of such courts and waive any objection you might have to either the jurisdiction of or venue in such courts. However, with respect to any action for injunctive relief, the parties may bring such action in any court of competent jurisdiction.

(h) **Attorneys' Fees and Expenses.** The prevailing party in any legal action or other proceeding will recover from the non-prevailing party all fees, costs and expenses (including reasonable attorneys' fees and costs through all trial and appellate levels and proceedings). If we are required to 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 to comply with this Agreement, you will reimburse us on demand for all of the above-listed costs and expenses we incur, whether or not a legal action or other proceeding is initiated.

(i) **Waiver of Exemplary and Punitive Damages.** Except for your obligations to indemnify us for third-party claims under [Section 1415.\(a\)](#), 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.

(j) **Jury Waiver.** THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A TRIAL BY JURY OF ANY AND ALL CLAIMS MADE BETWEEN THEM WHETHER NOW EXISTING OR ARISING IN THE FUTURE WHETHER ARISING FROM OR RELATED TO THE SALE, NEGOTIATION, EXECUTION, OR PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS AGREEMENT RELATES.

(k) **Class Action Bar and Limitations of Claims.** The parties agree that claims of any other party or parties shall not be joined with any claims asserted in any action or proceeding between you and us. 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. Except for claims arising from your non-payment or underpayment of amounts owed us pursuant to this Agreement, including liquidated damages, any and all claims arising out of or relating to this Agreement or our relationship with you as franchisor and franchisee are barred unless a judicial or arbitration proceeding, as applicable, is commenced in accordance with this Agreement within one year after the date on which the party asserting such claim knew or should have known of the facts giving rise to such claims. You and we are bound by the provisions of any limitation period of time in which claims must be brought under the previous sentence or applicable law, whichever expires earlier.

(l) **Consents, Authorization, Approvals or Other Satisfaction.** Whenever our consent, authorization, approval, or other satisfaction (collectively, "Approval") is required under this Agreement, unless such Approval is in writing and signed by a duly authorized executive officer, such Approval is not binding upon us. Our Approval, whenever required, may be withheld if any default by you exists under this Agreement. Further, any Approval provided by us under or arising out of this Agreement is an expression only that our minimum requirements for us to grant it have been met, or waived, at our discretion, nothing more. Additionally, you will not claim that the provision or withholding of any Approval by us imposes any liability on us.

(m) **Entire Agreement.** This Agreement (together with its exhibits and schedules) represents the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings, and representations, if any, made by and between the parties. Nothing in this Agreement or any related agreement, however, is intended to disclaim the express representations we made in the FDD that we furnished to you.

(n) **Third Parties; Limited Power of Attorney.** The terms of this Agreement control the relationship between you and us. Except as provided in this Agreement, they do not create any third-party beneficiary rights. Notwithstanding anything to the contrary contained in this Agreement, the parties agree that each of their respective owners, officers, directors, employees, agents, attorneys and other representatives are third-party beneficiaries of the provisions of [Section 1415.\(a\)](#), [1415.\(g\)](#), [1415.\(h\)](#), [1415.\(i\)](#), [1415.\(j\)](#) and [1415.\(k\)](#). You hereby irrevocably designate and appoint us and our duly authorized

officers and agents as your agent and attorney-in-fact to effectuate any Brand Franchisee-approved initiatives (for example, merchant programs).

(o) **Management of Your Hotel.** Your Hotel must be managed by a general manager on a full-time basis, whether employed by you or the Management Company (defined below). 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.

(p) **Counterparts.** This Agreement may be executed in two or more counterparts, each of which is an original, but all of which together constitute one and the same instrument. Confirmation of execution by scanned and e-mailed, or electronically signed and verified, signature page is binding upon any party to such confirmation.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

US:

SONESTA RL HOTELS FRANCHISING INC.

By: _____

Name: _____

Its: _____

*Date: _____

*(Effective Date of this Agreement)

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: development@sonesta.com

US:

SONESTA RL HOTELS FRANCHISING INC.

By: _____

Name: _____

Title: _____

*Date: _____

*(Effective Date of this Agreement)

YOU:

~~YOU:~~

Sign here if you are 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: _____

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____

Signature

Print Name: _____

Title: _____

Date: _____

Signature
Print Name:— _____
Date:— _____

Signature
Print Name:— _____
Date:— _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address:— _____
— _____
— _____

Attention:— _____
E-mail:— _____

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

By: _____
Signature

Print 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.

IN WITNESS WHEREOF, the parties have executed this Joinder as of the Effective Date.

MANAGEMENT COMPANY:

[Management Company Name]

By: _____
Print Name:- _____
Its:- _____
Date:- _____

MANAGEMENT COMPANY:

[Management Company Name]

By: _____
Name: _____
Title: _____
Date: _____

**Schedule 4.(f)
Booking Fees**

Reservation Fees¹:

- Direct Connect: \$3.25 per reservation through the Central Reservations System Direct Connect interfaces to associated onward distribution channels.
- Web and Mobile Direct: \$1.75 per reservation through the Central Reservations System Internet Booking Engine for Web and Mobile Direct reservations.
- IDS: \$4.00 per reservation through the Central Reservations System Internet Distribution System to onward distribution switch or channel manager providers.
- GDS: ~~\$8.00~~10.50 per reservation through the Central Reservations System for reservations sourced from the Global Distribution Systems.
- Central Reservations Office (Voice): \$7.00 per reservation through the Central Reservations Office.
- Consortia or travel management company: the listing fee or a ~~\$3.50 per room night~~ transaction fee of 3.25% of consumed revenue for all reservations generated through consortia or travel management companies (plus applicable commission).
- Corporate Transient and Consortia Account Support Subscription and Services ~~Fee: \$2023~~ per request for proposal (RFP) (as of the Effective Date, 12 RFPs for a total of ~~\$240~~276 per year).
- Groups, Meetings, and Events²: 3% on consumed master folio per group.

Commissions:

- Travel Agency Commission Settlement Fees: Up to \$0.85 per financial transaction.

~~¹ In addition to the reservation fees, you must pay all other costs, including but not limited to third party costs and fees incurred through the Reservation Service. These booking fees are subject to change pursuant to Section 3.(m), 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. ~~Fees are subject to change. In addition, you must pay any relevant travel agencies a commission on room revenue they generate by booking stays at your Hotel.~~

~~² 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.~~

Sch.4.(f)

Schedule 7.(i) Insurance Requirements

1. **Types and Amounts of Coverage.** Throughout the Term, you will maintain such types of insurance in such amounts as we may require. Such insurance is in addition to any other insurance that may be required by applicable law, your landlord, your mortgagee, or otherwise. At a minimum, such policies shall include the following (liability limits for primary and excess/umbrella policies may be in any combination as long as the total minimum limit requirements are met):

(i) Commercial general liability (“**CGL**”) insurance for any claims or losses arising or resulting from the operations/premises of the Premises 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 Premises is insured under a blanket policy;

(ii) 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;

(iii) Boiler & machinery insurance against loss or damage from explosion of boilers or pressure vessels to the extent applicable;

(iv) Business interruption insurance covering at least 12 months loss of profits and necessary continuing expenses for interruptions caused by a covered occurrence;

(v) Workers’ compensation insurance in statutory amounts for all your employees and employer’s liability insurance in amounts not less than \$1,000,000 per accident/disease;

(vi) 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 Premises is insured under a blanket policy;

(vii) 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; and

(viii) Garage-keeper’s liability to the extent that Premises 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.

Additionally, we strongly recommend that you carry employment practices liability insurance, cyber liability insurance, and crime insurance that covers employee dishonesty.

2. **Insurance Requirements.** Each of the insurance policies must: (i) be written by an insurance company with a 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 this Agreement.

Sch.7.(i)

3. **Evidence of Insurance.** 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.

4. **Your Failure to Maintain Insurance.** 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 (as of the Effective Date, \$500 per month). 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.

Sch.7.(i)

Schedule 910
Use of the Marks

(a) **Your Use of the Marks.** Both during and after the Term:

- (i) You will use the Marks only in connection with operating the Hotel at the Premises;
- (ii) You will use the Marks as the sole service mark identifications for the Hotel and prominently display the Marks on or in connection with all materials we designate, and only in the manner we prescribe;
- (iii) You will not use the Marks as security for any obligation or indebtedness or in any manner encumber it;
- (iv) You will not use the Marks as part of your corporate, partnership, limited liability company or other legal name;
- (v) You will not use or attempt to register any other trademarks, service marks, or other commercial symbol that is the same as or similar to any of the Marks, or any mark with phonetic or graphic similarity to the Marks;
- (vi) You will comply with our instructions concerning filing and maintaining the requisite fictitious, trade, or assumed-name registrations for the Marks, and execute any documents we deem reasonably necessary to obtain protection for the Marks and our interest in the Marks; and
- (vii) You will exercise caution when using our Marks to ensure that the Marks are not jeopardized in any manner.

(b) **Infringement by You.** Any use of the Marks not in strict accordance with, or outside the scope of, this Agreement, without our prior written consent, infringes our rights in the Marks. Both during and after the Term, you will not, directly or indirectly, infringe or contest or aid in contesting the validity of, or our rights in or to, the Marks, or take any other action in derogation of such rights.

(c) **Claims Against the Marks.** In the event of any claim of infringement, unfair competition, or other challenge to your right to use any Marks, or in the event you become aware of any use of, or claims to, any Marks by any person other than our Brand Franchisees or us, you will notify us in writing no later than seven business days thereafter.

(d) **Our Right to Modify the Marks.** If, at any time, at our discretion, it becomes advisable to modify or discontinue the use of any Mark or use one or more additional or substitute names or marks you will do so at your sole expense within 30 days of our request.

(e) **Ownership; Inurement Solely to Us.** Except as expressly granted in this Agreement, you have no ownership or other rights in the Marks. We are the owner, or authorized licensee, of the Marks. All goodwill associated with the Marks and the Hotel inures directly and exclusively to our (or our licensor's) benefit.

Schedule [1213](#)

Your Obligations Upon Termination or Expiration of the Franchise Agreement

In addition to your payment obligations under [Section 1213](#) of the Agreement, upon the expiration or sooner termination of the Agreement you will also comply with the following obligations:

(a) **Cease Operations.** You will immediately cease operating the Hotel under the Brand. You will not, directly or indirectly: (a) use any of the Marks or Confidential Information; (b) represent yourself as a present or former Brand Franchisee; or (c) in any other way affiliate or associate yourself with the Brand. You will immediately cease all use of the Marks and will de-identify the Premises, including as required by paragraph b. of this [Schedule 1213](#), the Brand Manual and as we otherwise designate in writing. You will immediately cease using or operating any Online Presence related to the Hotel or the Network Marks, and take any action as may be required to disable such Online Presence, or transfer exclusive control and access of such Online Presence to us, as we determine at our sole discretion. You hereby appoint us as your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to effect the foregoing purposes. You will comply with all other Brand Standards we periodically establish (and all applicable laws) in connection with the de-identification of the Hotel, including as relates to disposing of Personal Information, in any form, in your possession or the possession of your employees. Notwithstanding the foregoing, you will honor any advance reservations, including group bookings, made prior to the termination date at the rates and on the terms established when the reservations were made and pay when due all related commissions, booking fees, and other charges associated therewith.

5. **Distinguishing Operations.** In the manner we specify, you will immediately remove all identifying architectural superstructure and signage on or about the Premises bearing our name or logos or any other of the Marks, and otherwise cease and terminate all representations of affiliation with the Brand. Upon request, you will hold for delivery to us, at your expense, all such property belonging to us. Until the time of its removal, any signage that you cannot remove within one business day of the expiration or termination of this Agreement must be completely covered (by you and at your expense) in such a manner that our Marks are not visible whether the sign lighting is on or off. Until all modifications and alterations required by this paragraph are completed, you will: (i) maintain a conspicuous sign, in the form we specify, at the Premises stating that your facilities are no longer associated with our Brand; and (ii) advise all guests or prospective guests telephoning your business that you and your business are no longer associated with our Brand. If you fail or refuse to comply with the requirements of this paragraph, we may enter upon the Premises to make, or cause to be made, the required modifications, alterations, and changes. We do so at your expense, without responsibility for any actual or consequential damages to the property of you or others, and without liability for trespass or other tort or criminal act.

6. **Return of Materials.** At your expense, you will, at our direction, immediately return to us or destroy all tangible and intangible copies of the Marks and Confidential Information (together with all copies and any other forms of reproductions of such materials) in your possession or control.

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:

<u>Name of Each Director/Officer</u>	<u>Position(s) Held</u>

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).

	<u>Owner's Name</u>	<u>Percentage of Interest</u>
Principal:	_____	_____ %
Other Owners:	_____	_____ %
	_____	_____ %
	_____	_____ %

3. Your Notice Address:

Physical Mailing Address (may not be a P.O. Box): _____

~~3.~~ Hotel Premises Email Address: _____

4. Approved number of Guest Rooms: _____

5. Construction Work Commencement Date (if applicable): _____

6. Construction Work Completion Date (if applicable): _____

7. Opening Date: _____

This Exhibit A is effective as of the Effective Date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

{Franchisee Name}

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SONESTA RL HOTELS FRANCHISING INC.

{Franchisee Name}

By: _____
Name: _____
Title: _____

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 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 Signature Inn 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]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SONESTA RL HOTELS FRANCHISING INC.

[Franchisee Name]

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 an Initial Fee Promissory Note and/or an Incentive Promissory Note in connection with the Franchise Agreement (as amended, modified, restated or supplemented from time to time, the "**Note(s)**") and together with the Franchise Agreement referred to as the "**Agreements**"), as consideration for the Note(s), 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 1415 (General Provisions) of the Franchise Agreement, including Section 1415.(g) (Governing Law; Venue and Jurisdiction) and Section 1415.(h) (Attorneys' Fees and Expenses) 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)	
<p>#1:</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>Email: _____</p>	<p>#2:</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>Email: _____</p>
<p>#3:</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>Email: _____</p>	<p>#4:</p> <p>Signature: _____</p> <p>Name: _____</p> <p>Address: _____</p> <p>_____</p> <p>Email: _____</p>

**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 with 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 agree that you are not relying on our site approval for your benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors in connection with the Lease, or if applicable, in connection with your purchase of the Premises.

3. **Property Improvement Plan.** You or your Principal and the Management Company, if applicable as provided under [Section 1415\(p\)](#), 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 Marks, 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 Marks 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 11.12](#) 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 7.\(b\)](#), 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 7.\(b\)](#) 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.

FRANCHISOR:

FRANCHISEE:

SONESTA RL HOTELS FRANCHISING INC.,
a Washington corporation

,
a(n)

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

SONESTA RL HOTELS FRANCHISING INC. =

[Franchisee Name]

By: _____
Name: _____
Title: _____

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 with 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 agree that you are not relying on our site approval for your benefit. You further acknowledge that you have been advised to obtain the advice of your own professional advisors in connection with the Lease, or if applicable, in connection with your purchase of the Premises.

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 promptly 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

Ex. D-2-1

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 Marks, 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 12 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 Marks 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 4.12 of the Franchise Agreement.

6. **Opening.** You must complete construction of your Hotel and open for business within 12 months of breaking ground on your Hotel, and in any event, no later than 24 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 Section 7.(b), 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 7.(b) 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.

FRANCHISOR:

FRANCHISEE:

SONESTA RL HOTELS FRANCHISING INC.,
a Washington corporation

,
a(n)

By: _____

By: _____

Printed Name: _____

Printed Name: _____

Title: _____

Title: _____

SONESTA RL HOTELS FRANCHISING INC. =

[Franchisee Name]

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C-1

INITIAL FEE PROMISSORY NOTE

INITIAL FEE 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 Initial Fee Promissory Note (the "**Note**") shall have the meanings given to them in the Agreement.

1. **Background.** Provided Maker is in compliance with the terms and conditions of the Agreement, and all required parties have executed a guaranty in a form acceptable to Holder, Holder has agreed to cover a portion of the Initial Fee due under the Agreement pursuant to the terms and conditions of this Note.

2. **Repayment Terms.** The entire principal amount of this Note must be paid by the Opening Date of Maker's Hotel or _____, 202__, whichever is earlier. 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 paid. Maker shall be solely responsible for the tax consequences, if any, 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. **Prepayment.** At Maker's option, this Note may be prepaid in whole or in part, without penalty. Any partial prepayment shall not extend, postpone or change the due date of the payment required by Section 2 or change the amount thereof.

4. **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 4 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. Maker may prepay this Note at any time without penalty.

5. **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.

[Signature Page Follows]

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: _____

EXHIBIT C-2

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 ~~the~~ 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 opened 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 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.

[Signature Page Follows]

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 D

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EXHIBIT E

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 Signature Inn franchise to operate as a Signature Inn-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:

<p>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.</p>	<p>INITIAL:</p>
<p>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.</p>	<p>INITIAL:</p>
<p>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.</p>	<p>INITIAL:</p>
<p>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.</p>	<p>INITIAL:</p>
<p>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.</p>	<p>INITIAL:</p>

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.	INITIAL:
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:	

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.

[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 F
FINANCIAL STATEMENTS

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	<u>(22,170)</u>	<u>(10,926)</u>	<u>3,861</u>
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	<u>(733)</u>	<u>38,420</u>	<u>(3,813)</u>
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	<u>(1,534)</u>	<u>8,768</u>	<u>-</u>
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	<u>37,753</u>	<u>1,491</u>	<u>1,443</u>
Cash and cash equivalents at end of period	<u>\$ 13,316</u>	<u>\$ 37,753</u>	<u>\$ 1,491</u>

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)

	<u>December 31,</u>		
	<u>2024</u>	<u>2023</u>	<u>2022</u>
Supplemental cash flow information:			
Cash paid for income taxes	\$ 102	\$ -	\$ 138

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

RED LION HOTELS CORPORATION
NOTES TO 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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- *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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	<u>\$ 1,126</u>	<u>\$ 2,040</u>

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.

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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

RED LION HOTELS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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):

<u>Asset Description</u>	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2024</u>	<u>2023</u>	
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
	<u>1,679</u>	<u>1,616</u>	
Accumulated depreciation	(501)	(800)	
Property and equipment, net	<u>\$ 1,178</u>	<u>\$ 816</u>	

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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Intangible Assets, net

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

<u>Asset Description</u>	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
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	<u>\$ 21,914</u>	<u>\$ (1,030)</u>	<u>\$ 20,884</u>

<u>Asset Description</u>	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
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	<u>\$ 21,913</u>	<u>\$ (760)</u>	<u>\$ 21,153</u>

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):

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

6. Revenue from Contracts with Customers

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

	<u>December 31,</u>		<u>Balance Sheet Classification</u>
	<u>2024</u>	<u>2023</u>	
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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 G

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: 
Name: Keith Pierce
Title: Executive Vice President, President of Franchising

EXHIBIT H
LIST OF FRANCHISEES

LIST OF SIGNATURE INN HOTELS AS OF ~~12/31/2023~~12/31/2024

Company	Address	City	State	Zip	Phone
Dhanuba Hospitality LLC¹	2200 South Harbor	Anaheim	CA	92802	(714) 750-5211
Cho-Park LLC	84096 Indio Springs Dr	Indio	CA	92203	(760) 342-6344
CNC HOSPITALITY INC.	4140 Broadway	Oakland	CA	94611	(510) 653-0458
Chirag Hospitality Inc.	2440 Lombard St	San Francisco	CA	94123	(415) 922-0244
Apex Hospitality	1215 S 1st St	San Jose	CA	95110	(408) 280-5300
St. Francis Group, Inc.	2222 The Alameda	Santa Clara	CA	95050	(408) 296-4330
Danville Hospitality LLC	388 Eastgate Dr.	Danville	IL	61834	(217) 446-2400
635 Hospitality, LLC	635 West Winnemucca Boulevard	Winnemucca	NV	89445	(775) 623-5281
Pascoal Barreto and Bebiana Gomes	1055 W. 6 th Avenue	Eugene	OR	97402	(541) 345-0579
Kaival LLC	13619 Rankin Circle West	Houston	TX	77073	(832) 776-4310
Apex Lodging LLC	9041 Westheimer Rd	Houston	TX	77063	(713) 783-1400
Kaival LLC	13619 Rankin Circle West	Houston	TX	77073	(832) 776-4310

¹ [In 2024, this franchisee underwent a transfer of ownership interests. The franchisee entity did not change.](#)

LIST OF FRANCHISEES SIGNED BUT NOT YET OPEN AS OF ~~12/31/2023~~12/31/2024

Company	Address	City	State	Zip	Phone
Cho-Park KR Hospitality, LLC	84096 Indio Springs Dr. 1761 University Avenue	Indio Berkeley	CA	922039 4703	(760) 342-6344 510-841-4242
Apex Hospitality	1215 S. 1st Street	San Jose	CA	95110	408-280-5300
Shreeji-Macknaw Corporation	150 Old US 31	Mackinaw	MI	49701	(231) 846-6115
635 Hospitality, LLC	635 West Winnemucca Boulevard	Winnemucca	NV	89445	775-623-5281
South Central Holdings LLC	W. 200 Street	Parowan	UT	84761	702-346-4174

EXHIBIT I

**LIST OF FRANCHISEES WHO HAVE
LEFT THE SYSTEM OR NOT COMMUNICATED**

SRLHF – Signature Inn

20242025 FDD – Ex. I – List of Franchisees No Longer in System

1462.004.005/3949961462.004.006/418240

**LIST OF LICENSE BRAND HOTELS TERMINATED, CANCELED, NOT RENEWED
OR WITH CHANGES IN CONTROLLING INTEREST
AND FRANCHISEES WHO HAVE NOT COMMUNICATED IN PREVIOUS 10-WEEKS
AS OF ~~12/31/2023~~12/31/2024**

Company	Address	City	State	Zip	Phone	Reason Left System?
Oceanside Hospitality Group <u>South Central Holdings LLC</u>	822 N. Coast Highway <u>W. 200 Street</u>	Oceanside <u>Parowan</u>	GA <u>UT</u>	92054 <u>84761</u>	760-722-1887 <u>(702) 346-4174</u>	Failure to <u>O</u> pen

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

EXHIBIT J

SAMPLE GENERAL RELEASE

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 the 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 K

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 Signature Inn-branded hotel located at _____ (the “**Hotel**”).

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, the proposed Transfer requires our prior consent. The Franchisee Parties have requested we 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.** By executing this Agreement and subject to the terms and conditions contained herein, we consent to the Transfer. Our consent to the Transfer 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 13 (General Provisions) 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 Signature Inn brand, the Signature Inn franchise system, or any other service-marked or trademarked concept of ours or of any Released Party, or which would subject the Signature Inn brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact our goodwill or that of the Signature Inn 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.

ASSIGNOR

By: _____
Name: _____
Title: _____
Date*: _____
(*This is the Effective Date)

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNOR OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

ASSIGNEE

By: _____
Name: _____
Title: _____
Date: _____

ASSIGNEE OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

[Signature Page to Agreement and Consent to Transfer]

EXHIBIT L

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.redlionsonesta.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITES 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 sentence is added to: (i) the end of the "Remarks" section for the line item entitled, "Late Payment Charge" within the Item 6 Table; and (ii) the end of Item 10:

The highest interest rate allowed in California 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 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 requires application of the laws of the Commonwealth of Massachusetts. This provision may not be enforceable under California law.

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

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.

7. The following is added to the end of the Special Risks to Consider About This Franchise page:

Spousal liability: A spousal guarantee is not required under the franchise agreement, however, your spouse may be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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(v), entitled **Choice of forum**, is deleted in its entirety.
2. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the state of Illinois apply.

3. The following paragraph is added to the end of Item 17:

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 the Illinois Regulations Section 200.69.

MARYLAND

1. The Representations and Acknowledgment Statement attached as Exhibit E does not apply to Maryland franchisees, and should not be signed by Maryland franchisees.

~~2. The following language is added to the end of Item 5:~~

~~Based upon RLHC's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until we complete our pre-opening obligations under the franchise agreement.~~

2. ~~3.~~ **Initial Fees**. The following is added to the end of Items 5 and 7:

Any release required as a condition of obtaining a refund of the initial fee shall not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

3. ~~4.~~ 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.

4. ~~5.~~ 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. Section 101 et seq.).

~~6.~~ 5. 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.

6. ~~7.~~ 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. **Termination Fee and Liquidated Damages.** The Item 6 line items of the Franchise Disclosure Document entitled "Termination Fee Upon Early Termination Following your Default or Termination by you Without Cause," "Liquidated Damages for Unauthorized Opening" and "Pre-Opening Termination Fee" will not be enforced to the extent prohibited by applicable law.

2. **Trademark Indemnification.** The following paragraph is added to the end of Item 13:

Provided you have complied with all provisions of the Franchise 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).

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, 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) 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.

NORTH DAKOTA

1. **Termination Fee and Liquidated Damages.** The Item 6 line items of the Franchise Disclosure Document entitled "Termination Fee Upon Early Termination Following your Default or Termination by you Without Cause," "Liquidated Damages for Unauthorized Opening" and "Pre-Opening Termination Fee" will not be enforced to the extent prohibited by applicable law.

2. The following is added to the end of the "Summary" section of 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.

3. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted and replaced with the following:

To the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota. Otherwise, litigation must be brought in the federal court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts). If the federal court lacks jurisdiction, then such litigation must be brought in the state court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the Parties. However, we may seek injunctive relief in any jurisdiction that has jurisdiction over you.

4. 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 is added to the end of the Special Risks to Consider About This Franchise page:

We use the services of franchise brokers to assist us in selling franchises. A franchise broker represents us and is paid a fee for referring prospects to us 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 our current and former franchisees to ask them about their experience with us.

2. The following language is added to the end of Item 17:

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, ~~C~~chapter 19.100 RCW (~~the "Act"~~), will prevail.

RCW 19.100.180 may supersede ~~the Franchise Agreement in~~provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the ~~F~~franchise ~~A~~greement ~~in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including the areas of termination and renewal of your those summarized in Item 17 of the fFranchise 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 state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights ~~executed by in the franchise agreement or related agreements purporting to bind the~~ franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any rules or orders thereunder; is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~—, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).~~

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 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 provisions contained in the Franchise Agreement or elsewhere that conflicts with these limitations are void and unenforceable in the State of Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the Franchise Agreement or elsewhere are void and unenforceable in Washington.

~~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 _____, 20____ (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 Signature Inn 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; VENUE AND JURISDICTION.** The first sentence of Section [4415](#).(g) of the Franchise Agreement is deleted and replaced with the following:

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and any related agreement, all transactions contemplated by this Agreement and any related agreement, and the relationship created by this Agreement, as well as our offer, sale, or negotiation of a Signature Inn franchise or the relationship of the parties arising from the franchise or from entering this Agreement, are governed by, and must be construed and enforced in accordance with, the internal laws of the State of Illinois.

3. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER.** The following language is added to the end of Sections [4415](#).(i) and [4415](#).(j) 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.

4. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following language is added to the end of Section [4415](#).(k) 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.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section [4415](#).(r) of the Franchise Agreement:

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

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

**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 _____, 20__ (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 Signature Inn Hotel that you will operate under the Franchise Agreement will be located in Maryland.

~~2. **INITIAL FEE.** The following language is added to the end of Section 3(a) of the Franchise Agreement:~~

~~2. **NO WAIVER.** 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.~~

~~Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under this Agreement.~~

3. **RELEASES.** The following is added to the end of Section ~~4011~~.(b)(iv)(C) of the Franchise Agreement:

Pursuant to COMAR 02.02.08.16L, any release required as a condition of sale, renewal and/or assignment/transfer will not apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. **BANKRUPTCY.** The following is added to the end of Section ~~4412~~.(c)(vii) 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. **REPRESENTATIONS AND WARRANTIES.** The following is added to the end of Section ~~4314~~ of the Franchise Agreement:

Your acknowledgments or representations 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.

6. **GOVERNING LAW; VENUE AND JURISDICTION.** The following is added to the end of Section ~~4415~~.(g) 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 and Maryland law shall

apply to such claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following language is added to the end of Section ~~4~~15.(k) 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.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

**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 _____, 20____ (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 Signature Inn 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. **LIQUIDATED DAMAGES.** The following is added to the end of the last paragraph of Section 7.(b) 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.

3. **RELEASES.** The following is added to the end of Section ~~40~~11.(b)(iv)(c) of the Franchise Agreement:

Any release required as a condition of sale, renewal and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

4. **TERMINATION.** The following is added to the end of Sections ~~41~~12.(b) and ~~41~~12.(c) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 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 the Agreement.

5. **TERMINATION FEE.** The following is added to the end of Section ~~42~~13.(b) and Section ~~42~~13.(c) 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.

6. **GOVERNING LAW, VENUE AND JURISDICTION.** The following is added to the end of Section ~~44~~15.(g) 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. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER.** If and then only to the extent required by the Minnesota law, Sections ~~4415~~.(i) and ~~4415~~.(j) of the Franchise Agreement are deleted.

8. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Section ~~4415~~.(k) 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.

9. **CLAIMS AGAINST THE ~~PROPRIETARY PROPERTYMARKS~~**. The following is added to the end of Section (c) of Schedule ~~910~~ to the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the ~~Proprietary PropertyMarks~~, we will protect your rights to use the ~~Proprietary PropertyMarks~~ 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).

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

**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 _____, 20____ (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 Signature Inn 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. **LIQUIDATED DAMAGES.** The following is added to the end of the last paragraph of Section 7.(b) 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. However, we and you agree to enforce the provision to the extent the law allows.

3. **RELEASES.** The following is added to the end of Section ~~4011~~411.(b)(iv)(c) of the Franchise Agreement:

However, any release required as a condition of sale, renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **TERMINATION FEE.** The following is added to the end of Sections ~~4213~~413.(b) and ~~4213~~413.(c) 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. However, we and you agree to enforce the provision to the extent the law allows.

5. **GOVERNING LAW, VENUE AND JURISDICTION.** Section ~~4415~~415.(g) of the Franchise Agreement is deleted and replaced with the following:

(g) **Governing Law; Venue and Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), and except as otherwise required by North Dakota law, this Agreement and any related agreement, all transactions contemplated by this Agreement and any related agreement, and the relationship created by this Agreement, as well as our offer, sale, or negotiation of a franchise or the relationship of the parties arising from the franchise or from entering this Agreement, are governed by, and must be construed and enforced in accordance with, the internal laws of the Commonwealth of Massachusetts, without regard to its conflict-of-laws principles. NOTWITHSTANDING THE FOREGOING, ANY STATUTES OF THE COMMONWEALTH OF MASSACHUSETTS REGULATING THE OFFER OR SALE OF FRANCHISES, BUSINESS OPPORTUNITIES, OR SIMILAR INTERESTS OR GOVERNING THE RELATIONSHIP BETWEEN OR AMONG THE PARTIES TO THIS AGREEMENT, OR BETWEEN US AND YOUR GUARANTORS AND OWNERS, IF ANY, DO NOT APPLY UNLESS THEIR RESPECTIVE JURISDICTIONAL REQUIREMENTS

ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION. Any claims, controversies, disputes or actions arising from this Agreement and any related agreements, and all transactions contemplated by this Agreement and any related agreements, must be brought in the federal court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts); provided, that, if the federal court lacks jurisdiction, then such claims, controversies, disputes or actions must be brought in the state court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the parties. You (and your owners and guarantors) irrevocably submit to the jurisdiction of such courts and waive any objection you might have to either the jurisdiction of or venue in such courts. 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. However, with respect to any action for injunctive relief, the parties may bring such action in any court of competent jurisdiction.

6. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER.** To the extent required by the North Dakota Franchise Investment Law, Sections ~~4415~~.(i) and ~~4415~~.(j) of the Franchise Agreement are deleted.

7. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Section ~~4415~~.(k) of the Franchise Agreement:

The statutes of limitations under North Dakota law apply with respect to claims arising under the North Dakota Franchise Investment Law.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
E-mail: _____

**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 _____, 20____ (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 Signature Inn 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; VENUE AND JURISDICTION.** The following language is added to Section ~~14~~15.(g) 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."

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

**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 _____, 20____ (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 Signature Inn Hotel that you will operate under the Franchise Agreement will be established or maintained in Virginia.

2. **TERMINATION BY EITHER PARTY.** The following is added to the end of Section ~~14~~12.(d) 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.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

**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 _____, 20____ (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 the State of Washington; and/or (b) the Signature Inn Hotel that you 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. **PREMISES.**

a. The seventh sentence of Section 2 of the Conversion Rider (Exhibit D-1 to the Franchise Agreement) is deleted in its entirety.

b. The seventh sentence of Section 2 of the New Construction Rider (Exhibit D-2 to the Franchise Agreement) is deleted in its entirety.

3. **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, ~~Chapter 19.100 RCW (the "Act"),~~ will prevail.

RCW 19.100.180 may supersede ~~the Franchise Agreement in~~ provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions ~~which may that~~ supersede the ~~Franchise Agreement in or related agreements concerning~~ your relationship with the franchisor. Franchise agreement provisions, including the areas of termination and renewal of your those summarized in Item 17 of the 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 state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights ~~executed by a~~ in the franchise agreement or related agreements purporting to bind the franchisee ~~may not include rights to waive compliance with any provision~~ under the Washington Franchise Investment Protection Act or any rules or orders thereunder, is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. ~~—, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).~~

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 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 provisions ~~s~~ contained in the ~~F~~franchise ~~A~~greement or elsewhere that conflicts with these limitations ~~are~~is void and unenforceable in ~~the State of~~ 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~~greement 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 remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties have executed and delivered this Rider to be effective as of the effective date of the Franchise Agreement.

US:
SONESTA RL HOTELS FRANCHISING INC.

By: _____
Name: _____
Its: _____
Date: _____

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: developmentfranchiselegal@sonesta.com

YOU:
Sign here if you are an **INDIVIDUAL(S)**
(Note: use these blocks if you are an individual or a partnership but the partnership is not a separate legal entity)

Sign here if you are a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Signature
Print Name: _____
Date: _____

Print Name of Legal Entity
By: _____
Signature

Signature
Print Name: _____
Date: _____

Print Name: _____
Title: _____
Date: _____

Signature
Print Name: _____
Date: _____

Address: _____

Signature
Print Name: _____
Date: _____

Attention: _____
E-mail: _____

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 10, 2024 Pending
Hawaii	April 4, 2024 _____
Illinois	Exempt
Indiana	March 30, 2024 Pending
Maryland	April 24, 2024 Pending
Michigan	March 28 31 , 2024 2025
Minnesota	April 9, 2024 Pending
New York	Exempt
North Dakota	April 26, 2024 Pending
Rhode Island	April 1, 2024 Pending
South Dakota	March 28 31 , 2024 2025
Virginia	April 3, 2024 Pending
Washington	April 16, 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 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.	Sonesta RL Hotels Franchising Inc.	_____
400 Centre Street	400 Centre Street	_____
Newton, Massachusetts 02458	Newton, Massachusetts 02458	_____
(617) 421-5400	(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 FG - Financial Statements <u>Guaranty of Performance</u> |
| Exhibit B - Franchise Agreement | Exhibit GH - Guaranty of Performance <u>List of Current Franchisee Outlets</u> |
| Exhibit C-1 - Initial Fee Promissory Note | Exhibit HJ - List of Current Franchisee Outlets <u>Terminated, Not</u> |
| Exhibit C-2 - Development Incentive Promissory Note | Exhibit I <u>List of Franchisee Outlets Terminated, Not</u> Renewed, or Who Otherwise Left the System |
| Exhibit D - Table of Contents of Brand Manual | Exhibit J - Sample General Release |
| Exhibit E - Representations and <u>Acknowledgment</u> Acknowledgment Statement | Exhibit K - Consent to Transfer |
| | Exhibit L - State Addenda and Agreement Riders |
| | Exhibit M - Receipts |

Exhibit F - Financial Statements

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 (or to be built) 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)**

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 Steet, Newton, Massachusetts 02458, (617) 421-5400. The franchise seller for this offering is:

Brian Quinn	_____	_____
Sonesta RL Hotels Franchising Inc.	Sonesta RL Hotels Franchising Inc.	_____
400 Centre Street	400 Centre Street	_____
Newton, Massachusetts 02458	Newton, Massachusetts 02458	_____
(617) 421-5400	(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 FG - Financial Statements <u>Guaranty of Performance</u> |
| Exhibit B - Franchise Agreement | Exhibit GH - Guaranty of Performance <u>List of Current Franchisee Outlets</u> |
| Exhibit C-1 - Initial Fee Promissory Note | Exhibit HI - List of Current Franchisee Outlets <u>Terminated, Not</u> |
| Exhibit C-2 - Development Incentive Promissory Note | Exhibit I - List of Franchisee Outlets <u>Terminated, Not</u> Renewed, or Who Otherwise Left the System |
| Exhibit D - Table of Contents of Brand Manual | Exhibit J - Sample General Release |
| Exhibit E - Representations and <u>Acknowledgment</u> Acknowledgment Statement | Exhibit K - Consent to Transfer |
| | Exhibit L - State Addenda and Agreement Riders |
| | Exhibit M - Receipts |

Exhibit F - Financial Statements

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 (or to be built) 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.