

FRANCHISE DISCLOSURE DOCUMENT

IO Franchising LLC
A Florida Limited Liability Company
2121 Vista Parkway
West Palm Beach, FL 33411
(888) 816-6749
www.intelligentoffice.com



We offer a franchise for the right to operate a business solutions company focused on meeting both the communications and virtual office space needs of companies under the name “Intelligent Office Centers” nationwide (“Centers”). Centers offer a range of vital business services to live reception and administrative services, office management technology, meeting rooms, and office space. Most services have the option for yearly membership and/or a la carte service customized specifically for business needs.

The total investment necessary to begin operation of an Intelligent Office franchised business is between ~~\$177,750~~178,000 and \$1,640,746. This includes between ~~\$124,250~~500 and \$485,746 that must be paid to the franchisor or its affiliate(s).

The total investment necessary to begin operation of three Intelligent Office area developer franchises is ~~\$217,750~~218,000 to \$1,680,746 which includes: (i) a development fee amounting to \$89,500 that is paid to the franchisor; and (ii) the estimated initial investment necessary to commence operating the initial franchised Facility you are required to develop in your development schedule.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact a Franchise Development Specialist at 2121 Vista Parkway, West Palm Beach, Florida 33411, (888) 816-6749.

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 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, DC 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.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own 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.
 3. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
 4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history
- 4.5. We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise

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.

principal trademark for the retail stores from “EmbroidMe” to “Fully Promoted” and currently has franchises operating as EmbroidMe stores, franchises operating as Fully Promoted stores and franchises in the process of transitioning their operation as EmbroidMe stores to Fully Promoted stores;

3. **Transworld Business Advisors, LLC** (“TBA”), a franchisor of business brokerage agencies that also provide franchise referral lead services that has been franchising since December 2010 and has agencies servicing 456 franchise territories and 1 affiliated territory in 8 countries;
4. **Venture X Franchising, LLC** (“VTX”), a franchisor of co-working, collaborative office facilities that has been franchising since March 2016 and has 64 locations in 7 countries;
5. **Great Greek Franchising, LLC** (“TGG”), a franchisor of restaurants offering Greek and Mediterranean cuisine that has been franchising since January 2018, and has 49 franchise locations and 8 affiliated locations;
6. **Graze Craze Franchising, LLC** (“GCZ”), a franchisor of stores offering grazing and charcuterie style cuisine. It has been franchising since June 2021 and currently has 66 locations;
7. **OE Franchising, LLC** (“OE”), a franchisor of businesses providing shared office services, including live answering service and telephone call management, executive suites, temporary office use, conference and training room use, and co-working/drop in workspace. It has been franchising since May 2022 and currently has 78 franchise locations and 1 affiliated location;
8. **Exit Factor, LLC** (“EXF”), a franchisor of businesses providing business coaching and consulting services to business owners that has been franchising since September 2023 and currently has locations servicing 38 franchise territories 4 affiliated territories; and
9. **CK Franchising, LLC d/b/a Cannoli Kitchen Pizza** (“CK”), a franchisor of quick service restaurants offering pizza, pasta, cannoli, and other Italian-style food items, under the brand name “Cannoli Kitchen Pizza®”. It has been franchising since September 2023 and currently has 6 affiliated locations.

Please note that United Franchise Group is simply a collection of affiliated distinct franchising-related brands. The brands within United Franchise Group which offer franchises that sell products or services to the general public are collectively known as “Starpoint Brands.” Vast Coworking Group (“Vast”) is a subdivision of Starpoint Brands including our affiliates who offer co-working franchises.

Neither United Franchise Group nor Starpoint Brands are an owner or parent company of any kind. United Franchise Group and Starpoint Brands are simply tradenames for a group of separate and legally distinct franchising and franchising-related brands which are affiliated with one another but separate and distinct entities.

The location and territory information disclosed above for the Signarama, Fully Promoted, TBA, VTX, TGG, GCZ, OE, EXF, and CK franchise systems is as of March 31, 2024.

Signarama, Fully Promoted, TBA, TGG, -GCZ, EXF and CK offer different franchises than the Intelligent Office offering described in this Disclosure Document. We have not, and none of these affiliates

has, offered franchises in any other line of business. None of these affiliates operate a business which is similar in nature to an Intelligent Office Center. VTX and OE are franchisors of co-working and collaborative office facilities which may be considered similar to an Intelligent Office Center.

Our affiliate, Franchise Real Estate, Inc. (“Franchise Real Estate”), is a real estate services corporation incorporated in Florida in October 2002. Franchise Real Estate’s principal business address is 2121 Vista Parkway, West Palm Beach, Florida 33411. Franchise Real Estate offers real estate services and assistance to our franchisees including demographics, retail site selection, lease negotiation, construction management, restaurant design and layout, and assistance with obtaining building renovation costs. Franchise Real Estate does not offer, and has not offered franchises, in this or any other line of business.

Except as described above, none of our affiliates offer, and we have not offered, franchises in any other line of business. None of these affiliates operates a business which is similar in nature to an Intelligent Office Center.

The Franchise

Under our Franchise Agreement (“Franchise Agreement”), we grant franchises to qualified parties to operate a Center under the service mark INTELLIGENT OFFICE® and other logos, trademarks, service marks and commercial symbols as we may develop (“Marks”). Centers operate under our distinctive business format, systems, methods, procedures, designs, layouts and specifications (the “System”) only from a location that we approve (“Franchised Location”).

We also offer to select qualified persons (“Area Developer(s)”) the opportunity to sign our area development agreement (attached to this Franchise Disclosure Document as Exhibit C) (“Area Development Agreement”) and acquire the right to develop multiple Intelligent Office Centers in multiple protected search areas. When you sign a Franchise Agreement, we will grant you a temporary protected geographic search area to locate your Intelligent Office Center (“Protected Search Area”). When you sign an Area Development Agreement, you will receive multiple Protected Search Areas, one for each Intelligent Office Center to be developed.

If you enter into an Area Development Agreement, you must sign our current form of Franchise Agreement for your first Intelligent Office Center (“Initial Franchise Agreement”) at the same time that you sign the Area Development Agreement. You will be required to sign our then-current form of Intelligent Office Franchise Agreement for each Intelligent Office Center that you develop under the Area Development Agreement when you sign a letter of intent to enter into a lease or purchase or otherwise secure a commercial office space for the location of your Intelligent Office Center. For each future Intelligent Office Center that you develop you may be required to sign a form of the Franchise Agreement that is different from the form of Franchise Agreement included in this Franchise Disclosure Document. Unless otherwise stated, any reference in this Franchise Disclosure Document to “you” or “franchisee” includes an Area Developer under an Area Development Agreement, and as a franchisee under a Franchise Agreement.

Intelligent Office Centers are required to be developed in accordance with a specified schedule which is determined when you sign an Area Development Agreement or Franchise Agreement (“Development Schedule”). The duration of the Development Schedule will depend upon the number of Intelligent Office Centers to be opened, the demographics of the Protected Search Area, the market for and availability of commercial office space in the Protected Search Area and other factors. The Protected Search Area will be established based on the consumer demographics of the Protected Search Area, geographical area, city, county, and other boundaries. The Protected Search Areas for an Area Developer

will generally be a larger area than a Protected Search Area for a single Franchise. Protected Search Areas under a Franchise Agreement or Area Development Agreement will terminate when you have secured a location for the Intelligent Office Center or the Development Schedule date, whichever occurs first. The only territorial protections that you will receive upon termination of the Protected Search Area will be those under each individual Franchise Agreement.

A Center will typically consist of 6,000 to 12,000 rentable square feet of office space to operate a Center, containing 15 to 30 private offices available on a daily, monthly or membership package opportunities, meeting rooms, private mailboxes and reception area. A Center is staffed by a manager (“Coordinator”) and at least one receptionist (“Intelligent Assistant”).

Centers provide individuals and businesses with “follow-me” communications, office space and office support services. Centers offer a range of services, customized for each Client (defined below), to provide the Client with integrated, geographically non-specific telecommunications services and with reception and administrative services, other business support services, office technology, meeting rooms and offices available on a daily, monthly or membership package opportunities. One of the distinguishing features of our System is that we authorize each Center to use our proprietary cloud-based integrated communications and Client management system.

Unlike traditional “executive suites” or office sharing arrangements, Intelligent Office Centers offer a broader array of services to clients (“Clients”). These include both short-term and long-term office space and “virtual” offices. Centers offer a wide variety of advanced telecommunications and business address services, including live reception and staff assistance services that allow Clients to work from anywhere. When you offer virtual offices, you offer our proprietary Intelligent Assistant® and other telecommunications services that are not dependent on the Client’s physical location. Your services can save office costs for your Clients, while at the same time retaining a live receptionist with “follow-me” communications abilities, a high standard of professionalism, and additional service and responsiveness for your Clients and their customers.

Clients become “members” of the Intelligent Office network of Centers by signing a membership agreement, allowing them to use all Centers in North America at reduced rates. Your Clients find the right fit with the Center because they subscribe on an “a la carte” basis to the services they desire. Clients of the Centers use only what they need and pay for only what they use. The Center can serve as the Client’s business address, telephone number, voicemail communications and a personal locked mailbox. Your Intelligent Assistant® employee can announce and transfer calls seamlessly to your Clients at any telephone number anywhere. Centers offer choices of executive suites, workspaces, professional offices and conference rooms that Clients may rent based on hourly, weekly or monthly rates. Finally, Centers offer administrative services such as scheduling, new customer capture and other customer interactions by phone, internet or text, email, copying, mailing lists and other office-related services that Clients may use on an “a la carte” basis.

Clients include individuals, small to medium sized business with the core customer being the business owner, desiring an alternative to the traditional office. Clients use Centers as primary, remote, regional or temporary offices. Centers typically attract Clients who want to work remotely and use a Center as a source for some or all of their office and staffing needs and for state-of-the-art communications capabilities with their customers, in lieu of maintaining and supporting a dedicated business office, staff and their own telecommunications equipment. Each Center has fully furnished offices and conference rooms available by the hour 24/7 to serve as professional meeting space as needed.

We formerly offered Connect Center franchises which were similar to Centers, but offered a more limited range of services. We offered Connect Center franchises from 2017 until 2020. We sold one Connect Center franchise in 2018. As of December 31, 2020, there is one Connect Center franchise.

Industry-Specific Laws

Depending on how you package the services offered to Clients, your Center may fall within the Commercial Mail Receiving Agency (CMRA) regulations to accept delivery of mail for Clients. CMRA procedures are described in the United States Postal Service Domestic Mail Manual. In addition, a few states have prohibitions on certain uses of rented mailboxes.

If you accept credit cards as a method of payment at your Franchise, you must comply with payment card infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Your credit card processing provider should assist you with this compliance.

You will have to comply with laws and regulations that apply to business generally (such as workers’ compensation, OSHA, and Americans with Disabilities Act requirements). Federal, state and local governmental laws, ordinances and regulations periodically change. You are responsible for ascertaining and complying with all federal, state and local governmental requirements. We assume no responsibility for advising you on these regulatory matters. Consult with your attorney about laws and regulations that may affect your Center.

You must also obtain all necessary permits, licenses and approvals to operate your Franchise.

Market and Competition

The market for the services that a Center offers is developing rapidly, changing constantly and becoming increasingly competitive. As a franchisee, your competition will include businesses offering executive suites or conventional leased office space; “co-working” locations and other service providers who provide remote phone answering, which may also include various other levels of office services.

ITEM 2 BUSINESS EXPERIENCE

Ray Titus – Chief Executive Officer – West Palm Beach, FL

- Chief Executive Officer of IO since November 2023; CK since May 2023; EXF since May 2022; OE since April 2022; GCZ since March 2021; Resource Operations International, LLC d/b/a Preveer (“Preveer”), a franchisor of businesses offering to contract out various services in West Palm Beach, FL, from August 2019 to July 2022; Network Lead Exchange, LLC (“NLX”), a franchisor of local chapters that belong to an online business networking site in West Palm Beach, FL, from July 2018 to February 2024; TGG since November 2017; J.S. Subs, LLC (“JSS”), a franchisor of restaurants in West Palm Beach, FL, from April 2015 to June 2022; and Experimax Franchising, LLC (“EXM”), a franchisor of retail computer stores that buy, sell, repair and refurbish pre-owned electronics in West Palm Beach, FL from June 2013 to August 2021; and Signarama since January 2008.
- Managing Member of VTX since September 2015.
- Manager of TBA since October 2010.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Supplier and Product/Service Evaluation Fee	\$500 per evaluation	As incurred	Payable if we inspect a new product, service, or proposed supplier nominated by you.
Local and Regional Advertising Cooperatives	As determined by cooperative members; currently none.	Established by cooperative members	We currently do not have a cooperative, but reserve the right to require one to be established in the future. You may be required to pay 5% of Gross Revenues per month less the amount paid to the Marketing Fund. See Item 11.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any interest on the understated amounts	As incurred	You will be required to pay this if an audit reveals that you understated weekly Gross Revenues by more than 1.5% percent or you fail to submit required reports. Due if on-site inspection determines you have understated number of clients. Interest due if there is an understatement in the Royalty fee or Marketing Fund Contributions.
Professional Fees and Expenses	Will vary under the circumstances	As incurred	You must reimburse us for any legal or accounting fees that we incur as a result of any breach or termination of your Franchise Agreement. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Relocation Fee	\$10,000 or then-current fee	Upon our approval of the requested relocation	Payable to IO if you select a site to operate your Center, but subsequently elect to change your location to another site
Post-Setup Onsite Training Fee	\$500 per day, plus related travel expenses	Prior to training, if applicable	May be required if location not at 40% or more occupancy by the 6th full month after the month in which you commence operations of your Center.
Indemnification	Varies depending on nature of the claim against us	As incurred	You must indemnify us for all losses and expenses, including professional fees, that we or our representatives incur related in any way to your operation of your franchised business or your franchise.
Renewal Fee	\$2,500	At the time you sign the new franchise agreement <u>Franchise Agreement</u>	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement at the end of the term.
Transfer Fee	\$34,500 or the then-current fee.	Due upon transfer.	Payable by you or by the seller from the proceeds of the sale of the franchise business
Liquidated Damages	Will vary under the circumstances	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Local and Regional Advertising Cooperatives	As determined by the co-op. Currently none	As determined by the co-op	We currently do not have a cooperative, but reserve the right to require one to be established in the future. You may be required to pay 5% of Gross Revenues per month less the amount paid to the Marketing Fund. See Item 11.
Expansion Fee	\$5,000	Payable upon request	Payable to IO upon your request to expand your existing location.
Lease Renewal Assistance/ Expansion Fee	\$5,000	Payable upon request	Payable to IO once the expansion/renewal assistance is requested
Processing Fees	Then-current fees charged by our provider.	Monthly, beginning at the signing of the software agreement	Payable to third-party software provider
Procurement Fee	Up to 15% of the gross value of the materials and services ordered by us or our affiliate(s) on your behalf or \$25,000 Whichever is Greater	As Incurred	Payable to us
Member and Client Referral Fee	5% to 30% of Contracted Value	Payable within five (5) business days of receiving initial funds from the referred client	You have no obligation to accept or receive referrals, if not wanted
Conference Fee	\$600	Payable on or before the last calendar day in February of every calendar year	The \$600 paid to IO will include 2 registration fees to the event you will be responsible for all other travel related fees.
Non-compliance fee	\$500 per compliance violation	Payable on demand	Payable to IO if your business is not in compliance with IOs system specifications or a non-monetary term of the Franchise Agreement and you fail to correct the non-compliance after 30 days' notice.

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Management Fee	\$1,000 Per Day, Plus any and all expenses	As incurred	Payable if we manage or our affiliate manages the Intelligent Office Center because you are in breach of the Franchise Agreement or upon death or disability.
Franchise Resale Fee	Up to 12% of the sales price of your business	As agreed upon	Payable to Brand-IO or Third Party as agreed upon prior to listing your business for sale. There is no obligation to use these services or to pay this fee if you choose to sell on your own.
Multi Multi-Unit Development Schedule Extension Fee	\$500 per month for each month extended beyond the development schedule	Upon Approval of Multi Unit Development Extension	Payable if you do not meet your Development Schedule, but you want to retain the right to develop your Intelligent Office.

Notes:

1. Fees. Except as noted otherwise in this table, all amounts paid to us are non-refundable and uniformly imposed. Payment of the Royalties, Marketing Fund Contributions (defined below in Item 11), and the Technology Fee must be made by electronic funds transfer that we initiate. You are required to complete the Bank Authorization Agreement (in the form attached to the Franchise Agreement as Schedule C)- for direct debits from your business bank operating account. We have the right to periodically specify (in the confidential operations manuals or otherwise in writing) different payees and/or payment methods such as, but not limited to, weekly/biweekly/monthly payment, payment by auto-draft, credit card, and payment by check. All fees are current as of the Issuance Date of this Disclosure Document. Certain fees that we have indicated may increase over the term ("Term") of the Franchise Agreement.

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**ITEM 7
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT
FRANCHISE AGREEMENT**

Type of Expenditure ⁽¹⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee	\$49,500	\$49,500	Lump sum	Upon Signing Franchise Agreement	IO
DSS Fee ⁽²⁾	\$9,750 <u>\$10,000</u>	\$19,500	Lump sum	Upon Signing Franchise Agreement	IO or its Affiliate
Transportation and Meals During Training School ⁽³⁾	\$500	\$5,000	As incurred	As Incurred	Third Parties
Professional Fees and Other Legal Fees	\$15,000	\$60,000	As Arranged	As Arranged	Third Party
Architectural Services	\$0	\$85,000	As Arranged	As Arranged	Third Party
Leasehold Improvements	\$0	\$400,000	As incurred	As Incurred	Third Party
Initial Marketing Launch	\$45,000	\$90,000	Installments	As Agreed	IO or its Affiliate
Fixtures, Furniture and Equipment	\$20,000	\$326,746	Installments	As Arranged	IO or its Affiliate
Site Lease Deposit	\$0	\$400,000	As Arranged	As Arranged	Landlord
Office And Kitchen Supplies	\$1,000	\$5,000	As Arranged	As Arranged	Third Party
Pre-Opening Staff, Salaries, Travel and Training	\$5,000	\$30,000	As Incurred	As Arranged	Third Parties
Insurance ⁽⁵⁾	\$2,000	\$20,000	As Arranged	Annually	Third Party
Additional Funds – 6 Months ⁽⁶⁾	\$30,000	\$150,000	As incurred	As Incurred	Employees, Suppliers and Other Third-Party Vendors
Total Estimated Initial Investment ⁽⁷⁾	\$177,750 <u>\$178,000</u>	\$1,640,746			

Notes:

1. Type of Expenditure. These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Center. We do not offer direct or indirect financing for these items. Except as otherwise provided in this table, all amounts paid to us or our affiliates are non-refundable and uniformly imposed. Third-party suppliers will determine whether payments to them are refundable.
2. Design and Site Selection Fee. See Item 5 for more detail.
3. Transportation and Meals while at Training School. We provide one round trip airfare to our Florida corporate headquarters where we hold our training. We also provide your hotel accommodations and one daily meal. The only costs that you will incur while at training school will be for your daily meals, local transportation and your entertainment. Of course, these costs will vary depending upon your requirements.
4. Furniture, Fixtures and Equipment. This estimate involves the purchase and installation of furniture and fixtures you will need to open an Intelligent Office Center, such as chairs, desks, tables, dedicated office and conference room signs, whiteboards, and other items. Some of these expenses will depend on Intelligent Office Center size, shipping distances, supplier chosen, and your credit history. We may require you to contract with approved vendors for the procurement and installation of the required furniture. The low amount represents the amount you may spend on FF&E only if your location is a second-generation coworking space which contains some furniture, fixtures, and equipment.
5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, insurance required in your lease, and satisfy other insurance-related obligations. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an Intelligent Office Center, your rates may be significantly higher than those estimated above. This estimate is for one year of insurance premiums.
6. Additional Funds. This range estimates your other pre-operational expenses and working capital necessary for the first six months of your franchised business operations. These estimates include the travel, food and lodging costs you will incur for two persons to attend our initial training program at a designated area. The figures in the chart do not include an estimate of any additional funds necessary for working capital beyond this period. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting your franchised business. You must bear any deviation or escalation in costs from the estimates that we have given. Your costs depend on factors such as: how well you follow our methods and procedures; your management skills, experience and business acumen; local economic conditions; the local market for our services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase including but not limited to legal and accounting fees, advertising, insurance, rent, equipment lease payments, equipment warranty costs, employee salaries, and other miscellaneous costs. However, this item excludes your salary. If you locate your Center in a large metropolitan area, or your landlord gives you a tenant finish allowance that is built into your monthly rental rate, or the rental rate otherwise exceeds \$40 per square foot, monthly rental payments may increase the estimate of additional funds over the high range estimate in the chart. You should investigate the rental rates in the area where you propose to locate your Center.

7. We relied on our predecessor’s 27+ years of experience operating Centers when preparing these figures, plus our affiliates’ experience in the coworking industry. Because the ranges in the chart are only estimates, it is possible both to reduce and exceed the estimated range of costs listed in each item of the chart. In certain major metropolitan areas, actual costs may substantially exceed the high range estimates in the chart. We do not offer financing of the Initial Franchise Fee or any other fees you incur for your franchised business. The availability and terms of financing from third parties depends on factors such as the availability of financing generally, your credit worthiness, other security and collateral you may have and policies of lenders.

**YOUR ESTIMATED INITIAL INVESTMENT
AREA DEVELOPER AGREEMENT**

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Unit Development Fee ⁽¹⁾	2 Units - \$69,500 3 Units - \$89,500	2 Units - \$69,500 3 Units - \$89,500	Lump Sum	When Area Development Agreement is Signed	IO
Initial Investment for the First IO Center ⁽²⁾	\$128,250 500	\$1,591,246	Per Table Above	Per Table Above	Per Table Above
Total Estimated Initial Investment for Two IO Centers ⁽³⁾	\$497,750 198,000	\$1,660,746			
Total Estimated Initial Investment for Three IO Centers ⁽³⁾	\$217,750 218,000	\$1,680,746			

Notes:

All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, except as you may arrange for utility deposits and other payments. We do not finance any portion of your initial investment.

- Multi-Unit Development Fee.** You must pay us a Multi-Unit Development Fee upon signing the Area Development Agreement instead of the Initial Franchise Fee. The Multi-Unit Development Fee varies depending on the number of IO Centers to be developed. The Multi-Unit Development Fee is \$49,500 for one IO Center, \$69,500 for up to two IO Centers, and \$89,500 for up to three IO Centers. For each additional IO Center after the third Center to be opened, the Multi-Unit Development Fee will be \$20,000. This fee is discussed in Item 5. These numbers are based on opening Start-Up Intelligent Office Centers. Your initial investment under an Area Development Agreement will likely be less if you purchase a conversion franchise or an acquisition franchise.

2. Initial Investment for First IO Center. These are the estimates to build out your first IO Centers as described in the first chart (except for the Initial Franchise Fee which is replaced by the Multi-Unit Development Fee). Costs associated with building out additional IO Centers in the future are subject to factors that we cannot estimate or control, such as inflation, increased labor costs or increased materials costs and will depend on when the additional IO Centers are opened.
3. Figures May Vary. This is an estimate of your initial start-up expenses for an Area Developer franchise opening either two or three IO Centers. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Standards and Specifications

You must operate your Intelligent Office Franchise in strict conformity with the methods, standards, and specifications we list in our proprietary and confidential operating manual (“Franchise Operations Manual”), which may exist in various parts, locations, and formats, and may include a combination of audio, video, written material, electronic media, website content, and/or software components. You must not: (i) deviate from these methods, standards, and specifications without our prior written consent; or (ii) otherwise operate in any manner which reflects adversely on our Marks or the System. Our Franchise Operations Manual states our standards, specifications, and guidelines for all products and services we require you to obtain in establishing and operating your Intelligent Office Franchise.

We will notify you of new or modified standards, specifications, and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through written communication (including electronic communication). We will issue copies of our standards and specifications to you and approved and proposed suppliers, unless these standards and specifications contain our confidential information.

You must purchase, install, upgrade, maintain in sufficient supply, and use, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. The Franchise Agreement provides certain caps on the amount of money that you are required to spend for updating your Intelligent Office Center over the term of the Franchise Agreement.

You must use in the construction and operation of your Intelligent Office Franchise only those types of construction and decorative materials, fixtures, equipment, furniture, and signs that we have approved as meeting our specifications and standards for appearance, function, and performance. We develop these specifications and standards for approved types of materials, fixtures, equipment, furniture, supplies, and signage and communicate them to you in our prototype specifications in the Franchise Operations Manual or otherwise in writing.

You must use the computer hardware and software system that we periodically designate to operate your Intelligent Office Franchise. You must obtain the computer hardware, software licenses, maintenance and support services, and other related services that meet our specifications from the suppliers we specify (which may be limited to us and/or our affiliates).

You must obtain the insurance coverage required under the Franchise Agreement. The insurance company must be authorized to do business in the state where your Intelligent Office Center is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. You must purchase and maintain the following insurance, at your sole expense: (1) comprehensive general liability insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount of \$1,000,000 each occurrence and \$2,000,000 annual aggregate; (2) automobile liability coverage, including coverage of owned, non-owned and leased vehicles, with single limit coverage in the amount of \$1,000,000 if you use a vehicle in your Intelligent Office Center; (3) employer’s liability in the amount of \$500,000 for bodily injury by accident and \$500,000 for bodily injury by disease; (4) an umbrella policy covering all Intelligent Office Franchises you operate which would cover any excess claims from the operation of those Franchises in the amount of \$2,000,000 in the aggregate; (5) All Risks coverage for the full cost of replacement of your Franchise Center and all other property we may have an interest in; (6) worker’s compensation coverage in amounts required by applicable law or rule of the state and locality where the your Intelligent Office Center is located, or, if permissible under applicable law, employers liability insurance with similar compensation for injured workers satisfactory to us; and (7) business interruption insurance to cover actual loss sustained for up to 12 months based on net income earned from the operation of your Intelligent Office Center during that time period. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us, IO Franchising LLC, and any affiliates we designate as additional named insured parties. The cost of insurance may be significantly higher than the estimate listed in Item 7 depending on such factors as particular state coverage requirements, business location, and your loss history. If you fail to obtain the required insurance, we have the right (but not the duty) to immediately procure this insurance for you. If we do so, we may charge the cost of this insurance to you, plus interest.

We may conduct market research and testing to determine consumer trends and the salability of new products and services. You must agree to participate in our market research programs by purchasing, promoting and selling the products and services in your Intelligent Office Franchise.

Telecommunications-Technology Integration System

A third-party vendor will provide you with the Telecommunications-Technology Integration System which they license to you and that includes the items stated in Item 11 below. The third-party vendor will also provide you with related technology services such as training and installing and configuring the foregoing items, as well as support services. We are currently the only approved source for these items and services.

Advertising and Promotional Approval

You also must use only our approved advertising and promotional materials in promoting the Center. See Item 11 for more information on advertising programs.

We may license ~~third~~ third-party suppliers to produce marketing, advertising, and promotional items that bear the Marks. You may purchase these items for resale or for promotional purposes from approved third party suppliers.

Supplier and Product Approval

You must purchase (or lease if applicable) for sale at your Center services and products from us, our designees or from other suppliers we approve. We will provide you with lists of approved manufacturers, suppliers and distributors (“Approved Suppliers List”) and approved inventory, products,

fixtures, furniture, equipment, signs, supplies, and other items or services necessary to operate your Center (“Approved Supplies List”). The Approved Suppliers List may specify the specific manufacturer of a specific product or piece of equipment and you must purchase the product or equipment only from a source identified on the Approved Suppliers List. The lists may specify the suppliers and the products or categories of products and services that we have approved for use in the System. We may revise these lists and provide you with a copy of approved lists (or update them in the Operations Manuals) as we deem advisable.

We, an affiliate or a third-party vendor or supplier may be the only approved supplier for certain products or services. We will sell you our Furniture, Fixtures & Equipment Package, including fixtures, furniture, wall graphics, marketing and selected other items needed to operate your Center. We are an approved supplier of our Furniture, Fixtures & Equipment Package, although you may purchase these items from other approved sources.

If you want to use any unapproved material, fixture, equipment, furniture or sign, or purchase any items from any supplier that we have not approved and where we have not designated an exclusive source of supply, you must first obtain our approval by notifying us in writing and must submit to us, at our request, sufficient specifications, photographs, drawings or other information or samples for us to determine whether the services, material, fixture, equipment, furniture or sign complies with our specifications and standards, or the supplier meets our approved supplier criteria. Although we do not at this time, we may, in the future, charge you the actual cost of the test. The proposed supplier must meet all of our then-current specifications and standards as to quality, composition, finish, appearance and service, and adequately demonstrate their capacity and facilities to supply your needs in the quantities, at the times, and with the reliability required for an efficient operation of the Center. If we do not approve your proposal in writing within ten days of delivery, we are deemed to have disapproved the proposal. We will not unreasonably withhold our approval of an item or a supplier of your choosing if the item or supplier meets our published standards and specifications. We reserve the right to change the published standards on any approved supplier or any equipment, furniture, fixtures, products, supplies or services used, offered for sale or leased by franchisees on 30 days’ written notice to all franchisees and all approved suppliers. We may revoke our approval of an approved supplier on notice to you.

We do not provide material benefits, such as renewal advantages or granting additional franchises to franchisees based on their use of designated or approved sources or suppliers.

Rebates from Approved Suppliers

We and our affiliates may receive payments from suppliers on account of their dealings with you and other franchisees. During our last fiscal year ended December 31, 2023, we received no payments from suppliers on account of their dealings with franchisees, but we reserve the right to receive payment in the future, which may range from 1% to 10% or more of franchisees’ purchases.

Revenue Received from Franchisee Purchases

When you use Franchise Real Estate’s services, Franchise Real Estate may receive compensation from the lessor of your business premises. For the year ended December 31, 2023, Franchise Real Estate’s gross revenue from providing real estate services to franchisees was \$0.

We will derive revenue as a result of franchisee purchases or leases of products and services described in this Item 8. During our last fiscal year, we received \$0 in revenue from franchisee purchases of goods, products and services, and other payments as otherwise described in this Item 8.

Purchasing Arrangements

We currently have no purchasing or distribution cooperatives. –We may negotiate purchase arrangements with suppliers for the benefit of our franchisees.

Miscellaneous

Our CEO, Ray Titus, owns an interest in Franchise Real Estate. Other than described above, none of our officers owns an interest in any designated or approved suppliers.

You must accept those forms of payment we specifically approve in the Operations Manuals.

Magnitude of Required Purchases or Leases

We estimate that the costs of your total purchases from designated or approved sources, or according to our standards and specifications, may range from 48% to 63% of the total cost of establishing your Center and from 20% to 35% of the total cost of operating your Center after that time.

**ITEM 9
FRANCHISEE’S OBLIGATIONS**

This table lists your principal obligations under the Franchise Agreement, Technology Agreement and other agreements. This will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

Obligation	Section in Agreement	Disclosure Document Item
Site selection and acquisition/lease	Sections 3.1, 5.1 and 5.2 of Franchise Agreement	Items 7, 8, 11, and <u>Exhibit E</u>
Pre-opening purchases/leases	Sections 5.2, 5.3, 5.4, 5.5 and 5.6 of Franchise Agreement	Items 5, 6, 7, and 8
Site development and other pre-opening requirements	Sections 5.1, 5.2, 5.3, 5.4, 5.5, 5.6 and 5.7 of Franchise Agreement	Items 6, 7, and 11
Initial and ongoing training	Article 6 and Section 9.2 of Franchise Agreement	Item 11
Opening	Section 5.7 of Franchise Agreement	Item 11
Fees	Sections 4.1, 4.2, 4.3, 5.1, 5.3, 5.4, 5.5, 5.6, 6.2, 6.3, 9.1.d, 9.2, 9.3, 10.1, 11.1, 11.4, 11.5, 12.4, 12.5, 15.1, 15.3, 16.2, 16.4, 17.2, 18.5, 21.3, 22.6, and Summary Page of Franchise Agreement	Items 5, 6, and 7
Compliance with standards and policies/Operations Manuals	Articles 8, 10, and 13 of Franchise Agreement	Items 8, 11, and 14
Trademarks and proprietary information	Section 2.1 and Article 14 of Franchise Agreement	Items 13 and 14

Obligation	Section in Agreement	Disclosure Document Item
Restrictions on products/services offered	Articles 3, 10, and 13 of Franchise Agreement	Items 8, 11, and 16
Warranty and customer service requirements	Sections 10.1.l of Franchise Agreement	None
Territorial development and use of sales quotas	Article 3 of Franchise Agreement	Item 12
Ongoing product/service purchases	Articles 10 and 13 of Franchise Agreement	Item 8
Maintenance, appearance and remodeling requirements	Sections 10.1.g, 10.1.h, and 17.2e of Franchise Agreement	Item 11
Insurance	Article 21 of Franchise Agreement	Items 7 and 8
Advertising	Article 12 of Franchise Agreement	Items 6, 7, and 11
Indemnification	Section 19.3 of Franchise Agreement	Item 6
Owner's participation/ management/ staffing	Section 10.1.j of Franchise Agreement	Items 11 and 15
Records and reports	Article 15 of Franchise Agreement	Items 6 and 8
Inspections/audits	Sections 13.2 and 15.3 of Franchise Agreement	Item 6
Transfer	Article 16 of Franchise Agreement	Item 17
Renewal	Subsections 17.2 and 17.3 of Franchise Agreement	Item 17
Post-termination obligations	Sections 18.4, 20.2, 20.3, and 20.5 of Franchise Agreement	Item 17
Non-competition covenants	Article 20 of Franchise Agreement	Item 17
Dispute resolution	Article 22 of Franchise Agreement	Item 17

**ITEM 10
FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, Lease or obligation.

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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 Intelligent Office Center, we (or our designee(s)) will provide the following assistance and services to you:

Site Selection, Approval and Development Obligations

1. Provide you with our current written site selection guidelines and any other site selection counseling and assistance we deem advisable. We may require that you use our designated real estate brokerage partner to provide the brokerage services for your Center— (Franchise Agreement – Section 5.1).

2. Provide real estate site review, test-fit consulting, letter of intent negotiations and lease review of your Intelligent Office Center. We require that you use our designated designer to provide the layout and design for your Center (Franchise Agreement – Sections 5.3 and 5.4).

3. Provide project management of the technology procurement and installation, tenant improvement design, bidding and construction, furniture, fixture and equipment selection, procurement and installation and other infrastructure development required to open the Intelligent Office Center (Franchise Agreement – Sections 5.4, 5.5, and 7.1).

4. Designate a Protected Search Area for the Center in the Franchise Agreement. Once you have secured a location for your Intelligent Office Center, your Protected Search Area will terminate (Franchise Agreement – Sections 3.1 and 5.1(B)).

5. Approve or Disapprove your site, design, and lease or purchase contract. Before leasing or purchasing the site for your Intelligent Office Center, you must submit to us, in the form we specify;

- a) a description of the site, with other information and materials we may reasonably require;
- b) final test-fit plans for the Center including all required construction notes;
- c) a copy of the proposed letter of intent, lease or purchase contract;
- d) other requirements included in the Franchise Operations Manual (defined in Item 8).

(Franchise Agreement – Section 5.1)

We will have 15 days after receipt of all requested information to approve or disapprove, in our sole discretion, the proposed site as a location for your Intelligent Office Franchise. If we reject the site, we will include a written explanation of the basis for that rejection to you. If you and we are unable to reach an agreement on an acceptable site, we may terminate the Franchise Agreement. –(Franchise Agreement – Section 5.1(ⓓ).)

Although we will consult with you on your site and require your site be subject to our final authorization, you have the ultimate responsibility in choosing, obtaining and developing the site for your Intelligent Office Center. Except for the DSS services described in Item 5 and 7, we do not provide

assistance with conforming the premises to local ordinances and building codes and obtaining any required permits, and/or constructing, remodeling, or decorating the site. We do not guaranty the suitability or success of the accepted site. We must approve the site before you sign the lease or purchase agreement. (Franchise Agreement – Section 5.1)

If you or one of your affiliates owns the Center or you lease the Center from your affiliate, you must preserve your right to continue to occupy and use the Center through the end of the term of the Franchise Agreement, including the right to do so after the sale or other disposition of the Center to an unrelated third party.

You will provide us a copy of the executed purchase contract or lease.

The required time to open your Intelligent Office will vary depending on the desired location. We will designate your required Development Schedule prior to signing the Franchise Agreement. We generally do not own the premises for the Intelligent Office Center and lease it to you.

Other Pre-Opening Obligations

1. Loan you one copy of the Franchise Operating Manual, which may be in a digital format. The Franchise Operating Manual contains approximately 694 pages. The table of contents for the Franchise Operating Manual is attached to this Franchise Disclosure Document as Exhibit K (Franchise Agreement - 8).

2. Provide a list of approved suppliers (Franchise Agreement - Section 13.4).

3. Provide marketing, promotional, and public relations materials for your purchase to use in the pre-opening promotion of your Intelligent Office Center. You are responsible for any printing, shipping and handling costs that you incur (Franchise Agreement – Section 12.2).

4. Provide Remote Instruction, Initial Training in West Palm Beach, Florida or another location designated by us (Franchise Agreement – Section 6). We will provide training to you and your Intelligent Assistants on the System, System guidelines, and operational and brand standards. (Franchise Agreement – Section 6.) We will not provide general business or operations training to you or your employees or independent contractors.. You will be responsible for training your employees and independent contractors, including any training on the day-to-day operations of the Intelligent Office Center. You will be responsible for hiring, training, directing, scheduling, and supervising your employees and independent contractors in the day-to-day operations of the Intelligent Office Center. We will also provide you with Initial On-Site Training.

5.6. The Franchise Operations Manual (defined in Item 8) includes additional detail regarding the services included in the Pre-Opening Obligations.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Intelligent Office Center can vary from 9 to 18 months. You must purchase or lease, at your expense, the site for your Intelligent Office Center. The duration of the your development schedule will depend upon the number of Intelligent Office Centers to be opened, the demographics of the Protected Search Area, the market for and availability of commercial office space in the Protected Search Area and other factors. The Center must be open for business (“Opening Deadline”) 18 months from the date of execution of the Franchise Agreement (Franchise Agreement – Section 5.7).

Continuing Assistance

During the operation of your Intelligent Office Center, we (or our designee(s)) will provide the following assistance and services to you:

1. Inform you of mandatory specifications, standards, and procedures for the operation of your Franchise (Franchise Agreement – Sections 8 and 13).
2. Provide operating assistance and written materials (including updates to the Franchise Operations Manual) about techniques for managing and operating the Intelligent Office Center (Franchise Agreement - Sections 6, 8, and 13).
3. Provide you with advice and guidance on advertising and marketing. We have the right to recommend retail prices and prescribe minimum and/or maximum retail prices for the products and/or services offered and sold at your Intelligent Office Center. (Franchise Agreement – Section 12).
4. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (Franchise Agreement - Section 8 and 14).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee(s)) may, but are not required to, provide the following assistance and services to you:

1. Modify, update, or change the System, including the adoption and use of new or modified trade names, trademarks, service marks, or copyrighted materials, new products, new equipment, or new techniques. (Franchise Agreement - Section 8 and 14)
2. Make periodic visits to the Intelligent Office Center for the purpose of assisting in the operation and management of the Intelligent Office Franchise, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Intelligent Office Franchise, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges. (Franchise Agreement - Section 6, 9 and 13)
3. Maintain and administer the Advertising Fund, which may provide marketing, public relations, and promotional materials or fund the costs and expenses of developing and administering social media. We reserve the right to charge you a reasonable amount for the cost of any print materials. Although we do not intend to do so, we may dissolve the Advertising Fund upon written notice (Franchise Agreement - Section 12).
4. Provide ongoing training programs at our option (Franchise Agreement - Section 9).
5. Hold periodic national or regional conferences to discuss business and operational issues affecting Intelligent Office franchisees.
6. Suggest retail pricing for the products, merchandise, and services offered by your Intelligent Office Franchise, and may establish maximum, minimum, or other pricing requirements with respect to the prices you charge for products or services..

Advertising

Advertising Fund

You must make a monthly contribution of three percent (3%) of your monthly Gross Revenue or \$1,500, whichever is greater, as the Marketing Fund Contribution to the Advertising Fund. We reserve the right to increase this contribution up to 5% upon 30 days' written notice. In the event of such increase, there will be a corresponding offset to your local advertising requirement. You must pay the Marketing Fund Contribution at the same time you pay your Royalty, based on the Gross Revenue you generated in the previous reporting period.

The Advertising Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use professional advertising agencies or media buyers to assist us. The Advertising Fund will be in a separate bank account, commercial account or savings account. (Franchise Agreement – Section 12)

Our affiliate-owned Offices may, but are not obligated to, contribute to the Fund in the same manner that each franchised Office is required to contribute.

We have complete discretion on how the Advertising Fund will be utilized. We may use the Advertising Fund for local, regional, or national marketing, advertising, sales promotion and promotional materials, public and consumer relations, website development and search engine optimization, the development of technology for the System, IA Certification and sales training, and any other purpose to promote the Marks. We may use any media for disseminating Advertising Fund advertisements, including but not limited to direct mail, print ads, the Internet, radio, billboards, and television. We may reimburse ourselves, our authorized representatives, or our affiliates from the Advertising Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, payroll, taxes and all other direct or indirect expenses associated with the programs funded by the Advertising Fund. We do not guarantee that advertising expenditures from the Advertising Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Advertising Fund contributions for advertising that is principally a solicitation for the sale of franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing. If we terminate the Advertising Fund, we will distribute all unused contributions to contributing franchisees, and to us or our affiliates, in proportion to respective contributions during the preceding year.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Advertising Fund or to maintain, direct or administer the Advertising Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Advertising Fund on any terms we deem reasonable.

The Advertising Fund is not audited. Upon your written request, we will provide to you an annual accounting for the Advertising Fund that shows how the Advertising Fund proceeds have been spent for the previous year.

During our most recent fiscal year ended December 31, 2023, the Advertising Fund was spent as follows: 47% on web services/digital marketing, 18% on administrative, 35% on creation and production, and 0% on the miscellaneous and other expenses. Neither our affiliate(s) nor we receive payments for providing goods or services to the Advertising Fund, except for reimbursement of expenses as described above.

Local Advertising

In addition to the Advertising Fund Contributions, we evaluate your required advertising expenditures (“Local Advertising Requirement”) based on your current occupancy rates for private offices. If your private occupancy rate is:

- Below 25%, you must spend at least \$6,000 per month in direct lead-generation advertising (such as pay-per-click advertising);
- Between 25% and 50%, you must spend at least \$4,000 per month in direct lead-generation advertising;
- Between 50% and 75%, you must spend at least \$2,500 per month in direct lead-generation advertising;
- Between 75% and 90%, you must spend at least \$1,500 per month in direct lead-generation advertising; or
- At or above 90%, there is no minimum direct lead-generation advertising spending required above the monthly contribution to the Advertising Fund.

If you fail to spend the Local Advertising Requirement (including the Opening Marketing Campaign), you will be required to pay the difference to the Advertising Fund. The Local Advertising Requirement may be reduced or waived by us for certain established Intelligent Office Centers that have sustainable and reliable profits, as determined by us.

Through the Advertising Fund, we may provide you with approved local marketing plans and materials (Franchise Agreement – Section 12).

Local or Regional Advertising Cooperative

You may be required to participate in any local or regional advertising cooperative for Intelligent Office Franchises that is established. The geographical area of each local and regional advertising cooperative will be defined by us, based on our assessment of the area. Franchisees in each cooperative will contribute an amount to the cooperative as determined by the cooperative for each Intelligent Office Center that the franchisee owns that exists within the cooperative’s area. You will not be required to contribute more than your Local Advertising Requirement amount described in the table above. Each Intelligent Office Center we own that exists within the cooperative’s area will contribute to the cooperative on the same basis as franchisees. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions, as well as any caps on contribution amounts, from each member. We may require that each cooperative that exceeds five franchisee members must operate with governing documents, which will be available for franchisee review. Each cooperative must prepare annual unaudited financial statements, and such statements will be provided for review to each member of such cooperative. We reserve the right to form, change, dissolve, or merge any advertising cooperative formed in the future. If we elect to form such cooperatives, or if such cooperatives already exist near your protected area, you will be required to participate in compliance with the provisions of the Franchise Operations Manual, which we may periodically modify in our discretion.

Marketing Resources, Pre-Approvals for Marketing Materials, and Internet Marketing

You must order sales and marketing material from us or our designated suppliers, if available. If you desire to use your own advertising materials, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 15 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks, and other name identification materials must follow our approved standards. You may not use our logos, Marks, and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Intelligent Office Center, those items or services must be in your Gross Revenue, and will be subject to Royalties, Local Advertising Requirement, and the Advertising Fund Contributions. If you use unauthorized advertising materials, you must pay a non-compliance fee of \$500 per occurrence to the Advertising Fund.

If you wish to advertise online, you must follow our online policy, which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. Under our online policy, we may retain the sole right to market on the Internet, including all use of websites, domain names, advertising, and co-branding arrangements. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

Advisory Council

We currently have an advisory council (“Council”) to advise us on advertising policies and other issues that we may request such as new products or services. Members of the Council consist of both franchisees and corporate representatives. Members of the Council are selected by way of a voting method specified in the Council’s bylaws. The Council is governed by bylaws. Each member will have one vote. The purpose of the Council is to provide input regarding the Advertising Fund and to promote communications between us and all Franchisees. The Council serves in an advisory capacity only. We have the power to form, change, or dissolve the Council, in our sole discretion.

Operating Manual

Attached to this Disclosure Document as Exhibit K is the table of contents of our Operating Manual, showing its contents and the number of pages in each Section. The Operating Manual has a total of 694 pages (Franchise Agreement – Section 8).

Software and Computer Equipment

You are required to purchase a computer and technology system that consists of the following hardware and software: (a) Windows or Apple computer (not more than two years old), cabling systems and switches, routers, uninterrupted power supplies, wireless access points, all IO required equipment, multi-function printer; and (b) Microsoft Office 365 or newer, Yardi Kube and any other accounting-related software that we may require, automatic backup and anti-virus software (“Technology System”). We, or the manufacturer, will provide customer support for approved switches, routers, wireless access points, IO required equipment, phone system and Yardi Kube at no additional charge (these services are covered by the Technology Fee. The Technology System will manage the daily workflow of the Intelligent Office Center, coordinate the customer scheduling experience, and other information. You must record all Gross Revenue on the Technology System. You must store all data and information in the Technology System that we designate, and report data and information in the manner we specify. You must use an approved

Subject	Classroom Hours	In Location Hours	Location
Introduction/Orientation	2	0	West Palm Beach, FL
Industry Breakdown	2	0	West Palm Beach, FL
Workspace Management Software/POS/CRM	2	0	West Palm Beach, FL
Goal Setting	1	0	West Palm Beach, FL
Events	1	0	West Palm Beach, FL
Memberships	1.5	1	West Palm Beach, FL
Brand Standards	1	0	West Palm Beach, FL
Financial Management	1	0	West Palm Beach, FL
Operations	6	2	West Palm Beach, FL
Sales & Marketing	2	2	West Palm Beach, FL
Staffing	1	0	West Palm Beach, FL
UFG Ecosystem – Brand Introduction	1	0	West Palm Beach, FL
Role Play & Discussion	1	3	West Palm Beach, FL
Totals	30.5	7	

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above, depending on the number and experience of the attendees. We will use the Franchise Operations Manual as the primary instruction materials during the Initial Training.
2. Magan Allender, our Director of Training, has over five years of experience in the flexible workspace industry working in coworking spaces with an emphasis in growing sales, strategic renewal increases, increasing client retention, and creating additional revenue opportunities. Ms. Allender has worked with IO as the Director of Training since September 2022.
3. If at any time during the Corporate Training it appears to us that any individual is not able to complete the training to our satisfaction, we will have the right to require that you designate a replacement IA to attend Initial Training. We may charge you our then-current fee for any Additional Training held outside of a normally scheduled Initial Training.

Ongoing Remote Training

From time to time, we may require that you, Intelligent Assistants, and other employees attend system-wide refresher or additional training courses remotely (“Remote Training”). Some of these courses may be optional, while others may be required. If we conduct an inspection of your Intelligent Office Center and determine you are not operating in compliance with the Franchise Agreement, we may require that you attend Additional Training that addresses your operational deficiencies. You may also request that we provide Additional Training which we may provide for an additional fee.

In addition to participating in ongoing Remote Training, you will be required to attend an annual meeting of all franchisees at a location we designate and pay a Conference Convention Fee if we hold an annual meeting of all franchisees (See Item 6). You are responsible for all travel and expenses for your attendees.

ITEM 12 TERRITORY

Protected Search Area

We will designate the Protected Search Area in the Franchise Agreement and, if applicable, we will designate multiple Protected Search Areas in the Area Development Agreement. The size of the Protected Search Area will depend on the demographics of the area, the population, and other factors. We generally do not designate Protected Search Areas that are within downtown metropolitan areas.

Each Protected Search Area under the Franchise Agreement and Area Development Agreement is a temporary area in which to search for a location for your Center. You will have the right to search for a Center within the Protected Search Area while it is in effect. However, we and other franchisees with established Intelligent Office Centers may conduct business within the Protected Search Area as allowed by the Franchise Agreement. Your Protected Search Area(s) will be subject to the Retained Rights.

Once your Center location is approved by us and you execute a lease or otherwise secure the location, your Protected Search Area will be terminated, and we will establish your Protected Territory. During the term of the Franchise Agreement, provided you are in compliance with the provisions herein and subject to the Retained Rights (defined below), we will not establish or authorize another person to establish an Intelligent Office Center within the Protected Search Area while effective. Upon your failure to adhere to the Development Schedule for the Franchise Agreement, and, if applicable, the Area Development Agreement, you will lose the exclusive Center location search rights granted for the Protected Search Area(s) and it will constitute a material event of default under the Franchise Agreement or Area Development Agreement for which we may, among other things: (i) terminate the Franchise Agreement or Area Development Agreement; (ii) reduce the area of the Protected Search Area; (iii) permit you to extend the Development Schedule; or (iv) pursue any other remedy we may have at law or in equity, including but not limited to, a suit for non-performance. A failure to adhere to the Development Schedule will not terminate, if any, the Protected Territory provided to already-established franchises under each individual Franchise Agreement or Area Development Agreement. We may allow you to develop a Center outside of a Protected Search Area. You may be required to pay a fee for this as discussed in Item 6.

Franchised Location

You may operate your Center and use the Marks and the System only at the Franchised Location. We base our approval of your proposed Franchised Location on a variety of factors, including the viability and access of the location, the demographics in the area of the proposed Franchised Location, and proximity to other Centers.

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 may not operate or grant any franchises for the placement of other Centers within a stated area encompassing your Center (“Protected Territory”). An exhibit to your Franchise Agreement will state your Protected Territory once the Franchised Location is identified. Your Protected Territory will most likely consist of a 2- to 5-mile radius from your Center if it is located in a suburb, or a ½ to 1-mile radius from your Center in an urban area, depending on the demographics of the area near your Center. You will operate from one location and must receive our permission before relocating. You may not change the location of your Franchised Location or the boundaries of your Protected Territory without our written consent before making the change. Our approval, if we give it, will be based on a variety of factors including the viability of the existing location and demographics about the proposed location, and your compliance with your

Franchise Agreement. Except for your rights within your Protected Territory as described in this Disclosure Document, you do not have exclusive rights to any geographic area.

You have no option, right of first refusal or similar contractual right to acquire additional Intelligent Office franchises within your Protected Territory or market area. Continuation of your Protected Territory does not depend on the achievement of any specified sales volume, market penetration or other contingency.

You cannot solicit, advertise, or otherwise market for Clients for your Center outside of your Protected Territory (including marketing for Clients through the Internet, telemarketing or direct marketing), except with our prior written consent and then only following our then-current marketing policies and guidelines. You may accept (as may other franchisees) all individuals and businesses seeking to become a Client of your Center, irrespective of where the Client resides or maintains a place of business; provided, however, we have the right to: (1) require that you refer Clients located in the Protected Territory of another Center to the other Center; (2) implement policies and guidelines applicable to all Centers to inform Clients of all Intelligent Office Centers or the Centers within a particular market; and (3) establish policies, guidelines and centralized sources and systems for lead generation, referrals and transfers of Clients to and among all Centers. In your Client agreements or other dealings with Clients, you cannot unreasonably restrict, penalize or prevent a Client from doing business with a Center of its choosing.

We reserve the right to enter into contracts and strategic alliances with “National Accounts” for the provision of services at multiple Centers. A “National Account” is a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees in three or more “Designated Market Areas” (or “DMAs,” defined by the Nielsen Media Research Company as a group of counties that make up a particular television market) in the United States; and (2) has a written contract or strategic alliance to provide referrals or assignments of employees or other representatives in need of a Center’s services in at least two Protected Territories of Intelligent Office Centers (whether owned by you or anyone else). We may refer to you the employees or other representatives of the National Account (“National Account Clients”) who conduct National Account business in your Protected Territory, subject to rights other Intelligent Office Centers may have in the same DMA. You will be eligible for referrals, or your share of referrals in the DMA, if your Center can provide services to the National Account Clients based on terms that we have agreed to with the National Account (e.g., Center resources, billing, price and terms, location, convenience, and accessibility) or as the National Account otherwise requires or prefers. You must honor National Account contracts and provide requested services under the National Account contracts except where not available. Failure to comply with this provision of National Account contract services, will constitute a breach of the Franchise Agreement. We may derive revenues from the National Account contracts or strategic alliances. We make no guarantee that we will develop or maintain contracts or strategic alliances with a particular number of National Accounts or, if we do, that you will receive any National Account referrals or be able to maintain the National Account business in your Protected Territory. The National Account will not be obligated to use your Center irrespective of our referral.

We and our affiliates retain the rights, among others:

1. to use, and to license others to use, the Marks and System for the operation of Centers at any location other than in the Protected Territory;
2. to use, and license others to use, the Marks and System to promote and market the Centers, and to identify, market and sell any type of services or products that are the same as or similar to those that you will sell, through alternative channels of distribution (such as Internet, telemarketing and other direct marketing sales), at any location;

Registered Mark	Registration No.	Registration Date
	6,685,789	March 29, 2022
Intelligent Office	6,685,802	March 29, 2022

We have filed all required affidavits and renewal registrations for the Marks listed above.

The Marks are used as the sole identification of an Intelligent Office Center. We require that you identify yourself as the independent owner of the Center in the manner we require. You may not use any of the Marks or any modified version of the Marks as part of any corporate or trade name or email address or on any sites on the Internet, except as we may approve in writing. You cannot use any of the Marks to identify unauthorized products or services. You may not use or register the Marks as Internet domain names. You otherwise may use the Marks only as we direct. You must modify or discontinue your use of the Marks, at your own expense, if we so require.

There are no presently effective determinations of the USPTO, the trademark administrator of any state or any court, any pending interference, opposition or cancellation proceedings or material litigation involving the Marks. No agreements limit our right to use or license the use of the Marks.

You must immediately notify us of any apparent infringement of or challenge to your use of any Marks, and we have sole discretion to take any action we deem appropriate. We are unaware of any infringing uses or superior rights that could materially affect your use of the Marks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Marks, or to participate in your defense or indemnify you. We reserve the right to control any litigation relating to the Marks and we have the sole right to decide to pursue or settle any infringement actions relating to the Marks. You must notify us promptly of any infringement or unauthorized use of the Marks of which you become aware. If we determine that a trademark infringement action requires changes or substitutions to the Marks, you will make these changes or substitutions at your own expense.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

You will use our confidential information (“Confidential Information”) in the operation of your franchised business. We will disclose Confidential Information to you in the Operations Manuals, the fully integrated Telecommunications-Technology Integration System and other communications. We claim copyright protection covering our Confidential Information and the Operations Manuals and the manner in which the various components of Telecommunications-Technology Integration System are installed, configured and integrated as. We have not registered these materials with the U.S. Registrar of Copyrights, but we need not do so to protect them.

Except as described above, no patents or copyrights are material to the franchise. You must promptly notify us when you learn of an unauthorized use of the Confidential Information or the Operations Manuals. We are not obligated to take any action against any unauthorized user of the Confidential Information or the Operations Manuals, but will respond to this information as we think appropriate. We will control any litigation involving the Confidential Information and the Operations Manuals. We are not

protect our Confidential Information and contain restrictive covenants, including against competition. You are solely responsible for hiring, firing and supervising all of your employees, including your Coordinator and at least one Intelligent Assistant. We do not have any responsibility for such matters.

If you are a corporation, limited liability company, partnership, or other entity, we require that each of your officers, directors, managers, partners and owners (direct and indirect) and their spouses sign an agreement (Schedule E to the Franchise Agreement) personally guaranteeing and agreeing to perform all your obligations under the Franchise Agreement.

You will hire all your Center’s employees and are exclusively responsible for the terms of their employment, compensation, scheduling, benefits, disciplining and all other personnel decisions respecting Center employees without any influence or advice from us. You will implement a training program for Center employees in compliance with our brand standards. You will maintain at all times a staff of trained employees sufficient to operate the Center in compliance with our standards.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You may provide only those services and related products through your Center that we have approved and may not use your Center or the Franchised Location for any other purposes. You must offer the services that we designate, but you may offer additional services and related products, at your option, so long as you obtain our prior written approval. We have the right to change or supplement the types of authorized services and products offered at Centers, and there are no limits on our right to do so. Except with our prior written consent, you may not transship or reship products or sell services or products to other Intelligent Office franchisees.

Your Clients must sign a membership agreement in a form that we have approved. In addition, you must provide certain Client services to visiting Clients of other Intelligent Office Centers, and you will then bill and be paid by the Client’s home Center for providing these services. In turn, you must pay other Centers when your Clients use other Centers. We reserve the right to restrict your provision of services to National Accounts according to our arrangement with them and your provision of services to Clients located outside of your Protected Territory.

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

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Term of the franchise	Section 17.1	10 years
b. Renewal or extension of the term	Sections 17.2 and 17.3	Option to renew for two additional 10-year terms.

Provision	Section in Franchise Agreement	Summary
c. Requirements for you to renew or extend	Section 17.2	(a) at least 6 months, but not more than 12 months' notice; (b) substantial compliance with terms of Franchise Agreement; (c) pay all amounts due; (d) sign new franchise agreement, ancillary documents and release. If you seek to renew your franchise, you may be asked to sign a contract with materially different terms and conditions than your original contract; (e) upgrade/remodel at your sole expense to conform with then-current Operations Manuals; (f) pay renewal fee.
d. Termination by you	Not Applicable	Franchisee may terminate the Franchise Agreement under any grounds permitted by state law.
e. Termination by us without cause	Not Applicable	Not Applicable.
f. Termination by us with cause	Sections 18.1 and 18.2	We can terminate only if you commit any one of the violations listed in Sections 18.1 and 18.2 of the Franchise Agreement.
g. "Cause" defined-defaults which you can cure	Sections 18.1 and 18.2	30 days for operational defaults; 10 days for monetary defaults and Marks misuse or failure.
h. "Cause" defined-defaults which you cannot cure	Section 18.1	Non-curable defaults: the defaults listed in Section 18.1 of the Franchise Agreement.
i. Your obligations on termination/nonrenewal	Section 18.5	(a) pay outstanding amounts; (b) cease use of Marks; (c) de-identification of Center; (d) return of items that bear Marks; (e) return of confidential and proprietary information; (f) cancel or assign to us all assumed names/registrations; (g) relinquishment of Client data, covenant not to compete (see also r); (h) abide by restrictive covenants; (i) remove websites from Internet or assign websites to us; and (j) comply with CMRA regulations and processes.
j. Assignment of contract by us	Section 16.6	No restriction on our right to assign.
k. "Transfer" by you - definition	Sections 16.1 and 16.5	Includes transfer of Franchise Agreement or Center or 10% or more change in ownership of franchisee entity.

Provision	Section in Franchise Agreement	Summary
l. Our approval of transfer by you	Section 16.3	We have the right to approve all transfers; we may not unreasonably withhold our consent.
m. Conditions for our approval of transfer	Section 16.2	(a) all amounts that you owe are paid in full; (b) you provide proper notice and information that we request about the transfer; (c) the transferee meets our minimum requirements for franchisees; (d) the transferee signs the then-current franchise-Franchise agreement <u>Agreement</u> and it and its owners and other related parties sign any other required agreements; (e) you sign the required agreements, including a general release and non-competition covenant; (f) you pay a transfer fee; (g) purchase agreement with transferee must contain five-year noncompete; <u>and</u> (h) you must be in compliance with Franchise Agreement.
n. Our right of first refusal to acquire your business	Section 16.4	We may match any offer, less any applicable broker fees.
o. Our option to purchase your business	Section 16.4	We may buy your Center upon termination or expiration of the Franchise Agreement at fair market value.
p. Your death or disability	Section 16.7	Franchise must be assigned to approved third party within 180 days.
q. Non-competition covenants during the term of the franchise	Section 20.1	No involvement in a competitive business and no diversion of business related to Clients, suppliers, accounts, us or other franchisees to a competitive business.
r. Non-competition covenants after the franchise is terminated or expires	Section 20.2	No competitive business for two years within 10 miles of your Center or any other Center.
s. Modification of the agreement	Section 23.1	No modifications generally but Operations Manuals subject to change.
t. Integration/merger clause	Section 23.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any other promises or representations are unenforceable. No provision in any franchise-Franchise agreement <u>Agreement</u> is intended to disclaim the express representations made in this Disclosure Document.

San Francisco	153	4,739	\$801,985	\$169.23	14	9	100%
Philadelphia	145	2,376	\$573,415	\$241.34	22	15	80%
Columbus	131	4,825	\$628,877	\$130.34	26	19	68%
Boise	122	4,400	\$573,693	\$130.38	7	21	67%
Princeton	122	4,190	\$356,329	\$85.04	9	11	82%
Jacksonville	119	4,762	\$554,521	\$116.45	17	18	89%
Westminster	81	5,090	\$398,948	\$78.38	13	15	93%
Burlingame	64	7,511	\$415,307	\$55.29	10	11	91%
Ponte Vedra	36	5,803	\$290,496	\$50.06	12	18	100%
Denver (DTC)	31	3,213	\$333,726	\$103.87	12	7	100%
Total	7,557	229,853	\$23,692,034	\$4,212	\$772	\$717	N/A
Average	194	5,894	\$607,488	\$108	20	18	88%
Median	193	5,803	\$573,415	\$107	16	17	89%
Percentage Equal to or Above Average	46%	46%	36%	46%	33%	28%	56%
Percentage Below Average	54%	54%	64%	54%	67%	72%	44%

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

Some outlets achieved these results. Your individual results may differ. There is no assurance you will achieve these results.

Other than this Item 19, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it immediately to the franchisor's management by contacting Mark D. Nichols, Esq., General Counsel, 2121 Vista Parkway, West Palm Beach, Florida 33411, (561)-640-5570, the Federal Trade Commission, and the appropriate state regulatory agencies.

[REST OF PAGE INTENTIONALLY LEFT BLANK]

Confidentiality Agreements

In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Intelligent Office Franchise System. During the last three fiscal years, IO did not have franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Intelligent Office Franchise System. Our predecessor has entered into Termination and Release Agreements (including the confidentiality clause) within the past three years.

Sometimes, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but know that not all franchisees can communicate with you.

Trademark-Specific Franchisee Organizations

Our predecessor formed the Intelligent Office Franchise Advisory Council. The Intelligent Office Franchise Advisory Council's chairperson is Ryan Harris. Their contact information is: 5151 E. Broadway Blvd., Suite 1600, Tucson, AZ 85711; rharris@intelligentoffice.com; (520) 512-5400.

As of the date of this disclosure document, there are no other trademark-specific franchisee organizations associated with our franchise System.

ITEM 21 FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Audited financial statements prepared in accordance with United States generally accepted accounting principles for the Company for the periods ended December 31, 2022, and December 31, 2023, are attached as Exhibit J.

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following franchise-related contracts:

1. Exhibit B Franchise Agreement and Applicable Addenda
2. Exhibit C Area Development Agreement
3. Exhibit D Deposit Receipt
4. Exhibit E Lease Addendum
5. Exhibit F Compliance Certification
6. Exhibit G General Release Agreement
7. Exhibit M Confidentiality and Nondisclosure Agreement

8. Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.
9. The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.
10. Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

11. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

~~11.~~12. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

~~12.~~13. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

~~13.~~14. This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

IO Franchising, LLC

Franchisee:

By: _____
 Print Name/Title: _____
 Date: _____

Signature: _____
 Print Name: _____
 Date: _____

Signature: _____
 Print Name: _____
 Date: _____

Corporate Name (If Applicable):

By: _____
 Print Name/Title: _____
 Date: _____

STATE OF MINNESOTA
ADDENDUM TO FRANCHISE AGREEMENT

In consideration of the execution of the foregoing Area Development Agreement with IO Franchising, LLC, the Area Developer hereby acknowledges that:

1. Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

IO Franchising, LLC

By: _____
Print Name/Title: _____
Date: _____

Area Developer:

Signature: _____
Print Name: _____
Date: _____

Signature: _____
Print Name: _____
Date: _____

Corporate Name (If Applicable):

By: _____
Print Name/Title: _____
Date: _____

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

Based upon the franchisor's financial condition, the Minnesota Department of Commerce has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the area development agreement opens.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure. The last sentence in Item 3 is deleted and replaced with the following:

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has any administrative, criminal, or a material civil or arbitration action pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegations.

Neither we, nor any of our predecessors, nor any person identified in Item 2 above, nor any affiliate offering franchises under our trademark, has been convicted of a felony or pleaded nolo contendere to any other felony charge or, during the ten-year period immediately preceding the application for registration, been convicted of a misdemeanor or pleaded nolo contendere to any misdemeanor charge or been found liable in an arbitration proceeding or a civil action by final judgment, or been the subject of any other material complaint or legal or arbitration proceeding if such misdemeanor conviction or charge, civil action, complaint, or other such proceeding involved a violation of any franchise law, securities law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, misappropriation of property, or comparable allegation.