

FRANCHISE DISCLOSURE DOCUMENT



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

The franchise offered in this disclosure document is for the right to operate a Knights Inn branded hotel.

The total investment necessary to convert an existing hotel into a 65-room Knights Inn Hotel is \$188,996 to \$2,068,326. This estimate includes \$26,300 to \$66,545 that must be paid to us. The total investment for a new construction 65-room Knights Inn Hotel is \$5,107,996 to \$10,930,076, excluding site acquisition and preparation. This estimate includes \$26,300 to \$61,545 that must be paid to us.

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

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

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

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

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

Issuance Date: March 31, 2026

How To Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us by litigation only in Massachusetts. Out of state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with us in Massachusetts than in your home state.
2. **Mandatory Minimum Payments.** You must make minimum brand fee 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. **Turnover Rate.** During the last 3 years, a high percentage of franchised outlets (more than 20%) were terminated, not renewed, re-acquired, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise system with a lower turnover rate.

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office
Corporate Oversight Division
Attn: Franchise Section
G. Mennen Williams Building, 5th Floor
525 West Ottawa Street
Lansing, Michigan 48913
Telephone Number: 517-335-7567

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

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

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

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

About the Franchisor, its Parent and Predecessors

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

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

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

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

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

On April 26, 2022, our affiliate, Sonesta NYC LLC (“Sonesta NYC”), acquired the intellectual property assets for The James hotel brand. This acquisition added The James brand to the Network Brands.

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

The Franchised Business

We grant franchises to operate limited-service hotels under the service mark Knights Inn[®] and certain other proprietary marks to franchisees (collectively, the “Franchisees”). A franchise grants you the right to operate a Knights Inn-branded hotel at a specific location (your “Hotel”). Hotels that are authorized to operate under the Brand (defined below) are known as “Knights Inn Hotels.” Each Knights Inn Hotel must have at least 40 Guest Rooms.

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

We expect Knights Inn Hotels to be operated according to our Brand Standards, and you may be required to make future investments to continue to meet them. “Brand Standards” means the mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing Knights Inn Hotels, including your Hotel. We may add elements to the Brand Standards or modify, alter, or delete elements of the Brand Standards. Brand Standards may be included in the Brand Manual or otherwise distributed by us in writing. “Brand Manual” means one or more documents or guides commonly referred to as the brand standards manual together with supporting documentation. The Brand Manual may include the Brand Standards and information on suggested procedures and your other obligations under the Franchise Agreement.

One of the hallmarks of the Brand is its brand-required (or, in some instances, strongly recommended) elements and features that are intended to delight guests and take their stay out of the ordinary. This is reflected in such features as our distinct beds and bedding; front desk signage; and graphic area rugs. These are in addition to other Brand requirements or Brand Standards that we may establish. Brand elements are subject to further specifications set out in the Brand Manual or otherwise in writing from us. We periodically may change our Brand Standards.

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

Franchisor's Business

We began offering franchises for the Brand in June 2018. As of December 31, 2025, there were 129 franchised hotels open or under contract in the United States.

We also offer franchises for hotels under the following brands:

Classico Collection By Sonesta

As of April 2023, we began offering franchises for a soft-brand collection of upper, upscale hotels catering to business and leisure guests, which we offered under the service mark Classico A Sonesta CollectionSM from April 2023 to March 2025, and under the service mark Classico Collection By SonestaSM since March 2025. The Classico A Sonesta Collection and Classico Collection By Sonesta service marks and related trademarks, service marks and trade names are collectively referred to as the "Classico Marks." As of December 31, 2025, there was one franchised hotel under contract in the United States under the Classico Marks, which is no longer operating.

MOD Collection By Sonesta

As of May 2023, we began offering franchises for a soft-brand collection of upscale hotels catering to business and leisure guests, which we offered under the service mark MOD A Sonesta CollectionSM from May 2023 to March 2026 and under the service mark MOD Collection By SonestaSM since March 2026. The MOD A Sonesta Collection and MOD Collection By Sonesta service marks and related trademarks, service marks and trade names are collectively referred to as the "MOD Marks." As of December 31, 2025, there were eight franchised hotels open or under contract in the United States under the MOD Marks.

The James

As of October 2022, we began offering franchises for hotels that provide upper upscale full-service luxury boutique hotel accommodations under the service marks The James[®] and James Hotel[®]. The The James[®] and James Hotel[®] service marks and related trademarks, service marks and trade names are collectively referred to as the "James Marks." As of December 31, 2025, there were no franchised hotels open or under contract with us in the United States under the James Marks.

Sonesta Hotels and Resorts and Royal Sonesta

We have offered franchises for hotels that provide full service, upscale accommodations with modern furnishings under the Sonesta[®] Hotels and Resorts Marks since September 2021, and that provide full service, upper upscale accommodations with authentic and local touches under the Royal Sonesta[®] Marks since October 2022. "Sonesta Hotels and Resorts Marks" refers to the Sonesta[®] Hotels and Resorts service mark and related trademarks, service marks and trade names. "Royal Sonesta Marks" refers to the Royal Sonesta[®] service mark and related trademarks, service marks and trade names. As of December 31, 2025, there were eight franchised hotels open or under contract and 25 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Hotels and Resorts Marks. As of December 31, 2025, there were two franchised hotels under contract and 18 affiliate-owned or affiliate-managed hotels open in the United States under the Royal Sonesta Marks.

Sonesta ES Suites

As of September 2021, we began offering franchises for extended stay hotels that provide upscale accommodations under the service mark Sonesta ES Suites®. The Sonesta ES Suites® service mark and related trademarks, service marks and trade names are collectively referred to as the “Sonesta ES Marks.” As of December 31, 2025, there were 62 franchised hotels open or under contract in the United States and 14 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta ES Marks.

Sonesta Simply Suites

As of September 2021, we began offering franchises for extended stay hotels that provide affordable, mid-scale accommodations under the service mark Sonesta® Simply Suites. The Sonesta® Simply Suites service mark and related trademarks, service marks and trade names are collectively referred to as the “Sonesta Simply Marks.” As of December 31, 2025, there were 60 franchised hotels open or under contract and 10 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Simply Marks.

Sonesta Select Hotels

As of September 2021, we began offering franchises for hotels that provide select service, upscale accommodations with thoughtfully designed common areas under the service mark Sonesta® Select. The Sonesta® Select Hotels service mark and related trademarks, service marks and trade names are collectively referred to as the “Sonesta Select Marks.” As of December 31, 2025, there were 44 franchised hotels open or under contract and 7 affiliate-owned or affiliate-managed hotels open in the United States under the Sonesta Select Marks.

Sonesta Essential Hotels

As of December 2022, we began offering franchises for hotels that provide select service, upper midscale accommodations under the service mark Sonesta Essential® and related service marks and trademarks. The Sonesta Essential Hotels® service mark and related trademarks, service marks and trade names are collectively referred to as the “Sonesta Essential Marks.” As of December 31, 2025, there were 37 franchised hotels open or under contract in the United States under the Sonesta Essential Marks.

Red Lion Hotels By Sonesta and Red Lion Inn & Suites By Sonesta

We have offered franchises for full-service, mid-priced hotels under the service marks Red Lion®, Red Lion Hotel®, Red Lion Inn®, and Red Lion Inn & Suites® from 1999 to March 2026, and under the service marks Red Lion Hotels By Sonesta® and Red Lion Inn & Suites By Sonesta® since March 2026. The Red Lion®, Red Lion Hotel®, Red Lion Inn®, Red Lion Inn & Suites®, Red Lion Hotels By Sonesta® and the Red Lion Inn & Suites By Sonesta® service marks and related trademarks, service marks and trade names are collectively referred to as the “Red Lion Marks.” Typically, Red Lion Hotels are full-service hotels that offer food and beverage and meeting space. Red Lion Inn & Suites are typically limited-service hotels.

As of December 31, 2025, there were 29 Red Lion Hotel franchised hotels open or under contract and 33 Red Lion Inn & Suites franchised hotels open or under contract in the United States. There was also one affiliate-owned hotel open under the Red Lion Marks as of December 31, 2025.

Signature Inn By Sonesta

We have offered franchises for the operation of affordable boutique properties in the economy lodging segment under the service mark Signature InnSM from October 2017 to March 2026, and under the service mark Signature Inn By SonestaSM since March 2026. The Signature Inn and Signature Inn By Sonesta service marks and related trademarks and trade names are referred to as the “Signature Inn Marks.” As of December 31, 2025, there were 18 Signature Inn franchised hotels open or under contract in the United States.

Americas Best Value Inn By Sonesta

We have offered franchises for the operation of hotels in the limited-service segment under the service mark Americas Best Value Inn[®] from October 2016 to October 2025 and under the service mark Americas Best Value Inn By SonestaSM since October 2025. The Americas Best Value Inn and Americas Best Value Inn By Sonesta service marks and related trademarks, service marks and trade names are collectively referred to as the “ABVI Marks.” As of December 31, 2025, there were 456 Americas Best Value Inn-branded hotels open in the United States, 286 of which are franchised, and there were 7 additional Americas Best Value Inn franchises under contract in the United States. The remaining became affiliated with the ABVI brand through VHGI’s membership model, and we provide services for those ABVI hotels as well.

Americas Best Value Studios By Sonesta

In October 2025, we began offering franchises for the operation of hotels in the limited-service segment under the service mark Americas Best Value Studios By Sonesta (“ABVS”) and certain other proprietary marks, collectively referred to as the “ABVS Marks.” As of December 31, 2025, there were no Americas Best Value Studios By Sonesta-branded franchised hotels open or under contract in the United States.

Former Franchise Offerings

We offered franchises under the brand SignatureSM from October 2017 to November 2020. The Signature brand is a midscale and upscale brand that features similar design elements to the Signature Inn brand as modified for properties in larger markets, destination markets, or that otherwise fall within the midscale or upscale segments. As of December 31, 2025, there were two Signature franchised hotels open in the United States. The SignatureSM service marks and related trademarks, service marks and trade names are referred to as the “Signature Marks.”

We offered franchises for the operation of economy extended stay hotels under the service mark “GuestHouse Extended StaySM” from March 2020 to March 2024, and for the operation of economy, primarily limited-service hotels, under the GuestHouse[®] service mark from May 2015 to March 2020. As of December 31, 2025, there were eight GuestHouse or GuestHouse Extended Stay franchised hotels open or under contract in the United States.

We offered franchises for the operation of upscale, full-service hotels under Hotel RL Marks under a separate disclosure document from May 2014 to December 2022. “Hotel RL Marks” refers to the Hotel RL[®] and RLSM service marks and related trademarks and trade names. We also offered franchises for the operation of existing hotels as Hotel RL-branded hotels for a limited transitional period, until the existing hotel completes its conversion to operate as a Sonesta Hotels and Resorts-branded hotel from March 2024 to March 2025. As of December 31,

2025, there were two franchised Hotel RL-branded hotels that permanently operate under the Hotel RL Marks in the United States.

We offered franchises for the operation of hotels in the budget lodging segment, some of which operate under the service marks Country Hearth Inn[®], Country Hearth Suites[®], Country Hearth Inn & Suites[®] and certain other proprietary marks, collectively referred to as the “Country Hearth Marks,” from October 2016 to March 2020. From November 2017 to March 2020, we also entered into franchise agreements that allowed Country Hearth franchisees to continue operating under their existing name (as long as it is not licensed by a third-party or associated with a third-party’s franchise system) using the Country Hearth system and distribution channels. As of December 31, 2025, there were 26 franchised Country Hearth-branded hotels open or under contract in the United States, 15 of which operated under names and trademarks other than the Country Hearth Marks.

We offered franchises for the operation of extended stay hotels in the midscale segment under the service marks Settle Inn[®] and Settle Inn & Suites[®], and certain other proprietary marks, collectively referred to as the “Settle Inn Marks,” from July 2016 to March 2019. We no longer offer new franchises under the Settle Inn brand. As of December 31, 2025, there were no Settle Inn hotels.

We offered franchises for the operation of midscale and upper midscale hotels in the select-service and full-service segments under the service mark Lexington[®] and certain other proprietary marks, collectively referred to as the “Lexington Marks,” from October 2016 to March 2018. We no longer offer new franchises under the Lexington brand. As of December 31, 2025, other than one hotel operating using the Lexington Marks that is soft-branded with other Network Marks, there was one Lexington-branded hotel in the United States.

We offered franchises for Leo Hotel Collection hotels only during 2013. As of December 31, 2025, there were no Leo Hotel Collection hotels. We no longer offer Leo Hotel Collection hotels.

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

The Marks, Classico Marks, MOD Marks, Sonesta Hotels and Resorts Marks, Royal Sonesta Marks, Hotel RL Marks, James Marks, Sonesta ES Marks, Sonesta Simply Marks, Sonesta Select Marks, Sonesta Essential Marks, Red Lion Marks, Signature Inn Marks, Signature Marks, ABVI Marks, ABVS Marks, Lexington Marks, Jameson Inn service marks, Country Hearth Marks, America’s Best Inn service marks, GuestHouse service marks, Canadas Best Value Inn trademarks, and other marks used by hotels operated by us or our affiliates, or by hotels for which we, Sonesta RL Hotels Canada Franchising Inc. (“SRLHCF”) or Sonesta Franchising Corporation (“Sonesta Franchising”) offer franchises in the future, are collectively referred to as the “Network Marks.” Hotels we or our affiliates license, have licensed in the past, or may license in the future to operate under any of the Network Marks, together with such other hotels as we may integrate into our global sales distribution and customer reservation system and other systems, are collectively referred to as the “Network Hotels.” “Network Brands” refers to all hotels licensed to operate under any of the brands listed above and their various extensions, and any other brands that we or our affiliates periodically may own.

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

Our Affiliates

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

Our affiliate, SRLHCF, is a Washington corporation that was formed on August 18, 2016. SRLHCF began offering franchises to operate hotels in Canada under the Red Lion Marks in February 2017; under the Canadas Best Value Inn™ Marks in April 2017; under the Hotel RL Marks in July 2017; under the Signature Marks, Signature Inn Marks, GuestHouse trademarks and service marks, Country Hearth Marks, and Marks in August 2018; under the Sonesta Hotels and Resorts Marks, Sonesta ES Marks, Sonesta Simply Marks, and Sonesta Select Marks in November 2021; under the James Marks, Royal Sonesta Marks, and the Sonesta Essential Marks in December 2022; and under the Classico Marks and MOD Marks in June 2023. SRLHCF does not currently own or operate any Knights Inn Hotels in Canada. However, our affiliates, Sonesta Canada ULC and Sonesta Toronto ULC operate hotels under the Sonesta ES Marks and the Royal Sonesta Marks, respectively, in Canada. As of December 31, 2025, there were 37 franchised and licensed Network Hotels open in Canada including 17 Knights Inn-branded hotels, 18 Canadas Best Value Inn-branded hotels, one MOD A Sonesta Collection-branded hotel, and one Country Hearth-branded hotel.

Our affiliate, Sonesta Franchising, is a Maryland corporation. Sonesta Franchising has offered franchises for hotels outside the United States since 2012 (including in Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Egypt, Mexico, Panama, and Peru since varying dates), under the following trademarks: Royal Sonesta, Sonesta Hotels and Resorts, Sonesta ES Suites, Sonesta Simply Suites, Sonesta Select Hotels, Sonesta Essential Hotels, The James, MOD Collection By Sonesta, Classico Collection By Sonesta, Red Lion Hotels By Sonesta, Red Lion Inn & Suites By Sonesta, Signature Inn By Sonesta, and Sonesta Posadas del Inca. The Sonesta Posadas del Inca service mark, while utilized under a master franchise agreement with Sonesta Franchising, is considered a “Network Mark” for purposes of this disclosure document. Our affiliate, Sonesta Licensing Corporation (“Sonesta Licensing”), is a Massachusetts corporation. Sonesta Licensing has offered licenses for hotels outside the United States since 1999, including in St. Maarten since 2004, under the Sonesta Hotels and Resorts Marks. Sonesta Franchising and Sonesta Licensing have never owned or operated a Knights Inn Hotel nor offered franchises for Knights Inn Hotels in the United States. Sonesta Franchising and Sonesta Licensing share our principal business address.

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

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

Laws, Rules, and Regulations

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

The Market and Competition

The market for your services will depend on your Hotel's location, size and the nature of your services. Our franchisees seek customers and business referrals from the local community and typically solicit business from conventions, and tour and travel groups, on a regional and national level. In general, you will compete with national hotel and motel chains and independently-operated local hotels offering similar types of hotel rooms and food and beverage services to the same clientele. In addition to competing with hotels that offer services comparable to the Brand, you also may compete with lodging designed to serve particular segments of the market and to fill particular lodging demands (such as Vrbo[®] and Airbnb[®]).

ITEM 2. BUSINESS EXPERIENCE

Keith Pierce – Co-President

Mr. Pierce will serve as our, SRLHCF's, and RLHC's Co-President and as Sonesta's Co-President and Co-Chief Executive Officer beginning April 2026. Mr. Pierce previously served as our, SRLHCF's, and RLHC's Executive Vice President, President of Franchising from March 2021 to March 2026. Mr. Pierce is based in Newton, Massachusetts.

Jeffrey Leer – Co-President

Mr. Leer will serve as our, SRLHCF's, and RLHC's Co-President and as Sonesta's Co-President and Co-Chief Executive Officer beginning April 2026. Mr. Leer also holds or has held the following positions, each located in Newton, Massachusetts: Executive Vice President of The RMR Group LLC and its subsidiaries since October 2024 and various other roles since February 2013; and President and Chief Executive Officer of AlerisLife Inc. and its subsidiaries since July 2022 and Chief Financial Officer from June 2019 to July 2022. Mr. Leer is based in Newton, Massachusetts.

Lindsey Getz – Secretary

Ms. Getz has served as our, SRLHCF's and RLHC's Secretary since January 2026. Ms. Getz also serves as Secretary of Sonesta and its parent entity, as well as Secretary of its subsidiaries since January 2026. Ms. Getz also holds or has held the following positions, each

located in Newton, Massachusetts: Executive Vice President, General Counsel and Secretary of The RMR Group Inc. since January 2026; General Counsel and Secretary of The RMR Group LLC and its subsidiaries since January 2026 and Executive Vice President of such entities since June 2025; Secretary of Diversified Healthcare Trust, Industrial Logistics Properties Trust, Service Properties Trust, Office Properties Income Trust, Seven Hills Realty Trust, AlerisLife Inc., and ABP Trust and their respective subsidiaries since January 2026; Executive Vice president, General Counsel and Secretary of Tremont Realty Capital LLC since January 2026; and Secretary of MPC Partnership Holdings LLC (now doing business as RMR Residential) since January 2026, and of its direct wholly owned subsidiaries. Prior to that, Ms. Getz served as Partner at Sullivan & Worcester LLP from January 2017 through June 2025. Ms. Getz is based in Newton, Massachusetts.

Phillip Hugh – Chief Development Officer

Mr. Hugh has served as our and SRLHCF's Chief Development Officer since October 2025. Prior to that, Mr. Hugh served as Senior Vice President, Head of Lifestyle and Luxury Lodging Development from February 2023 through December 2025. Mr. Hugh has also been a Principal for Hugh Hotel Group since September 2022 in Palm Harbor, Florida. From August 2020 to August 2022, Mr. Hugh served as Chief Development Officer of Radisson Hotel Group Americas in Minneapolis, Minnesota. Mr. Hugh is based in Newton, Massachusetts.

Christopher Trick – Chief Marketing and Performance Officer

Mr. Trick has served as our, SRLHCF's, and RLHC's Chief Marketing and Performance Officer since August 2024. From September 2020 to August 2024, Mr. Trick served as our, SRLHCF's, and RLHC's Senior Vice President, Chief Marketing Officer in Newton, Massachusetts. Mr. Trick is based in Newton, Massachusetts.

David Bryan – Senior Vice President, Treasurer

Mr. Bryan has served as our and SRLHCF's Senior Vice President, Treasurer, and Sonesta's Chief Financial Officer since April 2025. Mr. Bryan has previously served as Sonesta's Senior Vice President, Finance, from May 2024 to March 2025. From April 2023 to June 2023, Mr. Bryan served as Senior Vice President, Finance, of Shift 4 in Allentown, Pennsylvania. Prior to that, Mr. Bryan held the following positions, each located in Atlanta, Georgia: Senior Vice President and Segment Chief Financial Officer, Americas, of EVO Payments (subsequently acquired by Global Payments) from May 2020 to April 2023, and Vice President, Hotel Finance and Business Support of Accor from July 2019 to May 2020. Mr. Bryan was between positions from July 2023 to May 2024. Mr. Bryan is based in Orlando, Florida.

Bradford Maxwell – Senior Vice President, General Counsel

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

Jordan Langlois – Senior Vice President, Franchise Operations

Mr. Langlois has served as our and SRLHCF's Senior Vice President, Franchise Operations since November 2017. From October 2016 to November 2017, Mr. Langlois served as Vice President, Member & Franchise Operations of RLHC in Denver, Colorado. From January

2010 to October 2016, Mr. Langlois served as Vice President, Brand Management of VHGI in Coral Springs, Florida. Mr. Langlois is based in Newton, Massachusetts.

Jason Yarbrough – Senior Vice President, Franchise Development

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

Cynthia Kelly – Vice President, Franchise Administration

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

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

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

Adam Portnoy – Director

Mr. Portnoy has served as our, SRLHCF's and RLHC's director since March 2021. Mr. Portnoy also holds or has held the following positions, each located in Newton, Massachusetts: Director of Sonesta and its subsidiaries since January 2012; Managing Director, President and Chief Executive Officer of The RMR Group Inc. since June 2015; President and Chief Executive Officer of The RMR Group, LLC since 2005; Trustee and President of ABP Trust, and director and President of its subsidiaries, since January 2016; Managing Trustee of Diversified Healthcare Trust, and director of its subsidiaries, since January 2007; Managing Trustee of Industrial Logistics Properties Trust, and director of its subsidiaries, since September 2017; Managing Trustee of Office Properties Income Trust, and director of its subsidiaries, since January 2009; Managing Trustee of Service Properties Trust, and director of its subsidiaries, since January 2007; Managing Trustee of Seven Hills Realty Trust and director of its subsidiaries since 2009; director of AlerisLife Inc. and its subsidiaries since March 2018; director of Tremont Realty Capital LLC since March 2016, and President and Chief Executive Officer from March 2016 through December 2017; and President of MPC Partnership Holdings LLC (now doing business as RMR Residential) since December 2023, and of its direct wholly owned subsidiaries. Mr. Portnoy is based in Newton, Massachusetts.

ITEM 3. LITIGATION

Concluded Litigation Relating to the Merger:

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

Van Cleave v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00177, Filed February 9, 2021 (U.S. District Court for the District of Delaware)

Raul v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-01208, Filed February 10, 2021 (U.S. District Court for the Southern District of New York)

Romero v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-01307, Filed February 12, 2021 (U.S. District Court for the Southern District of New York)

Babiker v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00440, Filed February 15, 2021 (U.S. District Court for the District of Colorado)

Finger v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00513, Filed February 22, 2021 (U.S. District Court for the District of Colorado)

Franchi v. Red Lion Hotels Corporation, et al., Case No. 1:21-cv-00558, Filed February 24, 2021 (U.S. District Court for the District of Colorado)

Waterman v. Red Lion Hotels Corporation, et al., Case No. 21-cv-00916, Filed February 26, 2021 (U.S. District Court for the Eastern District of Pennsylvania)

Anderson v. Red Lion Hotels Corporation, et al., Case No. 21-cv-00617, Filed March 2, 2021 (U.S. District Court for the District of Colorado)

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

Concluded Litigation Unrelating to the Merger:

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

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

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

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

Red Lion Hotels Franchising, Inc. v. Ghazanfar Khan, et al., Case No. 2:17-cv-00094, Case No. 2:17-cv-00155 (U.S. District Court for the Eastern District of Washington). On March 13, 2017, SRLHF filed a lawsuit against two former franchisees and their guarantors for trademark infringement, false designation of origin and breach of contract as a result of their failure to comply with their post-termination obligations under their franchise agreements (the "Franchise Agreement Lawsuit"). In May 2017, SRLHF filed a second lawsuit against the guarantors for breach of contract as a result of their failure to comply with their post-termination obligations under their guaranties and the underlying franchise agreements (the "Guaranty Lawsuit," together with the Franchise Agreement Lawsuit, the "Khan Lawsuits"). In August 2017, the defendants in the Khan Lawsuits filed respective amended answers and asserted amended counterclaims against SRLHF for breach of contract, violation of the Washington Franchise Investment Protection Act and violation of Washington Consumer Protection Act alleging that SRLHF charged additional fees which were not identified in the applicable franchise agreements. On November 29, 2017,

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

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

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

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

Red Lion Hotels Franchising, Inc. v. JS Three Star Investment Inc., Case No. 96777-422 (District Court of the 422nd Judicial District, Kaufman County, Texas). In December 2016, SRLHF

filed a lawsuit against a former franchisee for failure to pay its account, unjust enrichment and breach of contract as a result of its failure to pay amounts due under the membership agreement. On March 8, 2017, defendant filed an answer and counterclaim alleging that SRLHF failed to provide services under the membership agreement, which defendant alleges was a violation of the Texas Deceptive Trade Practices Act, requesting damages in the amount of \$81,000. On December 11, 2017, the parties entered into a confidential settlement agreement in which the parties agreed to mutually release each other from all claims. On January 18, 2018, the court dismissed the case with prejudice.

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

Sonesta RL Hotels Franchising Inc. v. Bliss Investment LLC and Dr. Chandrakant Shah, Civil Action No. 1:25-cv-10112-PGL, Filed January 15, 2025 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. SIGMM LLC, Mark Gregson, and Peggy Gregson, Civil Action No. 1:25-cv-10954-AK, Filed April 15, 2025 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. MSDS MGT, Inc., Mohkam Sing Bath, and Harjinder Sharma, Civil Action No. 1:25-cv-11428, Filed May 20, 2025 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. Gonzales WS Hospitality LLC and Sal Bhatty, Civil Action No. 1:25-cv-11973-ADB, Filed July 11, 2025 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. Pardeshi LLC, Civil Action No. 1:25-cv-13137, Filed October 24, 2025 (United States District Court for the District of Massachusetts)

Sonesta RL Hotels Franchising Inc. v. Grain Valley Hospitality, LLC and Riteshkumar Patel, Civil Action No. 1:25-cv-04233, Filed December 31, 2025 (United States District Court for the District of Colorado)

Other than the above, no litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

In re: Office Properties Income Trust, et al., Bankruptcy Petition: 25-90530 (United States Bankruptcy Court of Texas (Houston)). On October 30, 2025, Office Properties Income Trust and certain of its subsidiaries (“Debtors”), entities for which certain of our officers and directors have management responsibility, filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code. Debtors’ principal place of business is Two Newton Place, 255 Washington Street, Suite 300, Newton, Massachusetts 02458-1634.

Other than this action, no bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
General Fees			
Initial Fee	You must pay us an initial fee equal to the sum of (a) \$17,500 plus (b) the product of \$150 times the number of Guest Rooms in excess of 50	Upon your signing of the Franchise Agreement	See Note 1.
Onboarding Administration Fee	\$1,000	During or immediately after the onboarding process	See Note 2.
PIP Fee	Up to \$5,000	As billed	See Note 3.
PIP Reinspection Fee	Up to \$5,000	As billed	If we are required to reinspect your Hotel to ensure you have complied with the PIP, you must pay us a PIP reinspection fee. See Note 3.
Construction Start Date Extension Fee	\$5,000	As billed	If you enter into a Franchise Agreement for a newly constructed Knights Inn Hotel, and you do not begin the construction of your Hotel by the scheduled start date, you will pay us a non-refundable construction start date extension fee.
Lender Comfort Letter Fee	\$2,000	As billed	If you need us to review and process a lender comfort letter in connection with the conversion or construction of your Hotel, you must pay us the Lender Comfort Letter Fee to cover our administrative fees for such review. This fee is non-refundable.
Training			
Initial Brand Training Fee	\$1,500, plus reimbursement of our personnel's travel costs, meals, and lodging expenses if conducted in-person, which may be up to \$2,500.	Upon your signing of the Franchise Agreement	These costs are non-refundable.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Technology Fees			
CRS to PMS Interface and Tokenization Set Up Fee	Base fee: \$650 Fees for additional optional features: \$295 for 2-way RMS integration; \$800 (for the first 4 hours plus \$175 per hour, if additional time is required) for 2-way enhanced reservation push; and/or \$2,650 for rush integration.	As billed	See Note 4.
IT Implementation Services Fee	Up to \$10,000	As billed	If you require assistance from us to configure and install certain components of your Hotel's IT system and property management system, you will be required to pay us a services fee. The components you implement for your Hotel will depend upon the complexity of your Hotel, such as the size and location, and the existing systems in your Hotel. This fee is non-refundable.
Revenue Management System Installation	\$400	As billed	You are required to pay us a non-refundable revenue management system ("RMS") installation fee.
Miscellaneous Opening Programs and Services			
Photography Expenses	\$1,000 to \$5,000	Before Opening your Hotel	This fee is for photography expenses, which is charged by the third-party photographer and is non-refundable. We will collect this fee from you and remit it to the photographer.
Custom Architecture and Design Review Fee	Up to \$10,000	As billed	If your Hotel requires certain custom architecture and design review by us, you will pay us a non-refundable fee for those services.

Note 1 – The Initial Fee is fully earned and non-refundable and must be paid before we will countersign the Franchise Agreement. During the 2025 fiscal year, we offered qualified franchisees of Knights Inn Hotels financing up to \$7,500 for the Initial Fee. However, as of the date of this Disclosure Document, we no longer offer financing to franchisees of Knights Inn Hotels. See Item 10. During the 2025 fiscal year, we charged discounted Initial Fees ranging from \$7,500 (for a Knights Inn Hotel with 20 Guest Rooms) to \$20,000 (for a Knights Inn Hotel with 98 Guest Rooms).

"Guest Rooms" means transient hotel rooms located at the Hotel and is not dependent upon occupancy of the hotel rooms. By way of example, if your Hotel has 70 Guest Rooms, the Initial Fee will be \$20,500 (\$17,500 plus \$150 times 20).

If you are a new franchisee that is acquiring an existing Knights Inn Hotel from a current franchisee of the Brand, that particular franchisee's franchise agreement may provide for a

particular transfer fee to be paid as part of the transfer, which is calculated pursuant to our current “application fee.” As shown above, we now call the “application fee” the “Initial Fee” and as such, any references to “application fee” in existing franchise agreements of the Brand are referred to, and calculated, as the Initial Fee, as described above. During the 2025 fiscal year, we charged discounted transfer fees ranging from \$0 to \$7,500.

Note 2 – This fee is for the onboarding services we provide to you in connection with the opening of your Hotel and is non-refundable. During the 2025 fiscal year, we charged discounted onboarding administration fees ranging from \$0 to \$1,000.

Note 3 – If you are converting an existing hotel into a Knights Inn Hotel, prior to the execution of the Franchise Agreement, you must pay the PIP Fee to cover our costs to perform an initial inspection of your property, prepare a property improvement plan (“PIP”), and verify completion of the PIP. The PIP will set forth a list of property improvements that you must make to convert your property to a Knights Inn Hotel under the Brand Standards. This fee is non-refundable.

Note 4 – You will be required to pay a CRS to PMS Interface and Tokenization Set Up Fee, which is charged by our third-party central reservation system (“CRS”) provider, for setting up an interface with your PMS. We will collect this non-refundable CRS to PMS Interface and Tokenization Set Up Fee from you and remit it to our CRS provider.

ITEM 6. OTHER FEES

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
General			
Brand Fee	\$45 per Guest Room per month	Payable monthly by the 15 th day of the following month	Regardless of the number of Guest Rooms in your Hotel, you will pay a minimum monthly Brand Fee of \$1,800. The Brand Fee is subject to, no more than once per year, the “Fee Adjustment.” The “Fee Adjustment” means an increase no more than once per calendar year by the greater of: (i) 10% annually on a compounding basis regardless of whether we exercise such adjustment in any calendar year, or (ii) the percentage change in the Consumer Price Index (CPI) from the effective date of your Franchise Agreement to the date of the Fee Adjustment, without reference to any prior Fee Adjustment, if any. “CPI” means the National Consumer Price Index-All Urban Consumers (1982-1984 = 100), or a comparable index we reasonably designate if the CPI is discontinued. See Note 3.
Loyalty Program	Currently, we do not charge a fee in connection with a Loyalty Program	If required, payable monthly by the 15 th day of the following month	Knights Inn Hotels do not currently participate in a loyalty program, but we may administer one in the future.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
Affiliation, Distribution, and Reservation Programs			
Groups, Meetings, and Events	3% on consumed master folio per group	Payable monthly by the 15 th day of the following month	This is a sales administrative fee charged by us to help defray some of the costs incurred by us in generating certain business for you. If you fail to report the number of room nights actually consumed by a group within 10 days of the group's departure, this fee will be charged based on the contracted-for room nights. We may periodically increase this fee by the Fee Adjustment.
Reservation Fees	Ranges from \$2.75 to \$10.50 per reservation	Payable monthly by the 15 th day of the following month	We may periodically increase these fees by the Fee Adjustment. See Note 4.
Travel Agency Commission Settlement Fee	\$0.85 per transaction	Payable monthly by the 15 th day of the following month	We may periodically increase this fee by the Fee Adjustment. See Note 5.
Travel Management Companies ("TMCs") and Consortia Fees	3.5% of consumed revenue (in addition to standard travel agency commission)	Payable monthly by the 15 th day of the following month	This fee applies to our preferred TMC/Consortia/Affinity group. You also will be responsible for any commission or other remuneration payable to the TMC or consortia participant. "Consumed Revenue" means the gross revenue generated from bookings consumed through travel agencies. We may periodically increase this fee by the Fee Adjustment.
Technology Fees			
PMS-to-CRS Enhanced Connectivity Fee	\$99 per month	Payable monthly by the 15 th day of the following month	You will pay a PMS-to-CRS enhanced connectivity fee. These fees are dependent on third-party fees charged by third-party providers and are collected by us and remitted to them, although we may retain a portion of the fee for administrative expenses. We may periodically increase this fee by the Fee Adjustment.
Revenue Management			
Revenue Consulting and Insights Fee	\$249 to \$399 per month depending on the number of guest rooms in your hotel	Payable monthly by the 15 th day of the following month	Payable by the 15 th of the following month if you participate in this program for revenue management consulting. We may periodically increase this fee by the Fee Adjustment.
Revenue Management Insights Fee	\$145 per month	Payable monthly by the 15 th day of the following month	We may periodically increase this fee by the Fee Adjustment. See Note 6.
Guest Relations and Quality Assurance Programs			
Guest Relations Fee	\$25 to \$125 per issue	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 7.
Online Review Response Program Fee	\$39 to \$150 per response	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 8.
Operations Insights Fee	\$75 per month	Payable monthly by the 15 th day of the following month	Operations Insights includes an online review management and response tool. We periodically may add additional tools such as a guest satisfaction survey or other guest insight management tools and change the components or restructure the program. We may periodically increase this fee by the Fee Adjustment.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
Quality Assurance Inspection Fee	Up to \$2,500 for the initial inspection, up to \$4,000 for the first re-inspection; plus appropriate and customary travel, lodging, and meals	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 9.
Quality Assurance and Guest Satisfaction Deficiency Remediation	Up to \$5,000 per occurrence, plus appropriate and customary travel, lodging, and meals	As incurred	We may periodically increase this fee by the Fee Adjustment. See Note 9.
Conferences and Training			
Brand Conference Fee	If charged, \$250 per month	Payable monthly by the 15 th day of the following month	If we choose to hold a brand conference in person, you will pay the Brand Conference Fee, which will cover the attendance for one person at the brand conference. If you are permitted to send additional attendees, you will be required to pay an additional \$795 per attendee prior to their attendance at the conference. We may periodically increase this fee by the Fee Adjustment. You also will be responsible for the travel costs and expenses for your attendees.
Initial Brand Training Fee	\$1,500 (plus reimbursement of our travel costs and expenses for in-person training)	As billed	Currently, our initial brand training program is up to 4 days, conducted virtually, unless otherwise determined, at a cost of \$1,500, plus reimbursement of our travel costs and expenses (in the event of in-person training), which we estimate to be up to \$2,500. One of your Hotel Representative(s) (defined below) must complete our initial training for certification prior to opening or within 90-days of activating your Hotel in our system. If such Hotel Representative ceases to be employed by you, a new Hotel Representative will be required to attend the initial brand training program, and you will be required to pay this fee for them to attend. "Hotel Representative" refers to your general manager or other representative having equivalent authority and responsibilities (such as your owner).
Ongoing Training Fees	\$2,000 / day plus reimbursement of our travel costs and expenses for on-site training by one trainer Virtual Ad-Hoc \$200 / hour of training	As billed	Ongoing brand training is conducted in-person/on-site or virtual ad hoc. If you request that we send a trainer to your Hotel, you will also reimburse us for the travel, living and miscellaneous expenses our trainer incurs to provide that training. There are no additional travel costs and expenses if training is conducted virtually. We may periodically increase this fee by the Fee Adjustment.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
Transfers, Renewals, and Administrative Fees			
Administrative Fee for Other Requests	\$2,000 per lender comfort letter and up to \$2,500 per other request, and any additional costs we may incur in reviewing your documents or preparing such documentation, including reasonable attorneys' fees.	When you submit request	Administrative, legal review, and document preparation fees arising from extraordinary services such as amendments you request; amendments necessitated by your action or inaction (such as a lease amendment); or other documentation outside the ordinary course of business. We may periodically increase this fee by the Fee Adjustment.
Transfer Fee	The Initial Fee	Before transfer	Your transferee or you must pay us a transfer fee. The transfer fee is calculated on the same basis as the Initial Fee (i.e., the transfer fee is equal to the sum of (a) \$17,500 plus (b) the product of \$150 times the number of Guest Rooms in excess of 50).
Renewal Fee	\$5,000	Upon or before execution of the renewal Franchise Agreement	You must pay to us a renewal fee equal to \$5,000 upon or before execution of any renewal Franchise Agreement.
Subsequent Onboarding Administration Fee in Connection with Change of Ownership	\$1,000 per change of ownership	Before change of ownership	Upon any transfer of voting or ownership interests in you if you are a legal entity, or in any of your owners if such owners are legal entities, you or your transferee must immediately pay us an onboarding administration fee for such transfer for the onboarding services we provide in connection with new ownership of the Hotel. This subsequent onboarding administration fee applies to each transfer. We may periodically increase this fee by the Fee Adjustment.
Property Improvement Services			
Design Review Fee	\$0 to \$10,000	As incurred	Each time you intend to make certain renovations to your Hotel, whether based on an issued PIP or separate renovations, you must submit your design plans to us in advance for review and approval. We will only charge a design review fee if your design plans involve unique or elaborate renovations.
Photography Expenses	Up to \$5,000	As incurred	During the term of the Franchise Agreement, if your Hotel undergoes significant renovations or you make improvements in accordance with a PIP, we may require you to hire a professional photographer to take new photographs of your Hotel. We may periodically increase this fee by the Fee Adjustment.
PIP Fee	Up to \$5,000 per issued PIP	As issued	At any time during the term of the Franchise Agreement, if we determine your Hotel is not in compliance with Brand Standards or online reviews and/or guest comments have raised concerns with your compliance with Brand Standards, we may issue a PIP to you and charge you a PIP fee. We may periodically increase this fee by the Fee Adjustment.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
PIP Reinspection Fee	Up to \$5,000 per occurrence	Upon demand	In connection with any PIP, if we must reinspect your Hotel because you failed to comply with the PIP or Brand Standards, we may charge you a \$5,000 reinspection fee. We may periodically increase this fee by the Fee Adjustment.
Remedies, Reimbursements, and Contractual Damages			
Insurance	\$500 per month, plus reimbursement for all premiums, costs, and expenses we incur	As billed	If you do not obtain or maintain the required insurance or policy limits described in the Brand Manual, then we can (but are not obligated to) obtain and maintain insurance for you without first giving you notice. If we do so, then you must immediately pay us the premiums and the cost we incurred when we request you to pay. We may periodically increase this fee by the Fee Adjustment. See Item 8.
Indemnification	Amount of damages suffered	Upon demand	You must indemnify us and our affiliates, and our and their respective officers, directors, owners, employees and representatives for all damages any of those parties suffers and costs any of those parties incur relating in any manner to the ownership or operation of your Hotel, the business you conduct under the Franchise Agreement, any default under your Franchise Agreement, and/or your employment practices or any claims that are instituted by your or the Management Company's employees, including enforcement costs.
Late Payment Charge	The lesser of (a) 1.5% per month of the overdue amount or (b) the maximum rate allowed by law.	Upon demand	You may be assessed this charge if any payment you owe us is overdue.
Taxes	Varies	Upon demand	If any sales, use, gross receipts or similar tax is imposed on us for the receipt of any payments you are required to make to us under the Franchise Agreement, then you also must pay this tax to us.
Default Remedies	You shall reimburse us for all our costs and expenses we incur to remedy your default.	Case by case basis as incurred	Our expenses may include attorneys' fees (including fees for in-house attorneys), court costs and non-legal fees reasonably incurred to protect us, our subsidiaries or affiliates or to remedy your default.
Pre-Opening Damages	\$1,000 for each Guest Room	Upon demand	See Note 10.
Liquidated Damages for Unauthorized Opening	\$5,000 per day that your Hotel is open without authorization and our costs, including attorneys' fees	Upon demand	If you open your Hotel before we authorize it to open as a Knights Inn Hotel, you must pay us liquidated damages to compensate us for damage to the Marks. You also must reimburse us for our costs of enforcing our rights.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS (Notes 1 and 2)
Lost Revenue Damages Upon Early Termination Following your Default or Termination by you Without Cause	Aggregate amounts of certain fees through the balance of the current Term.	Upon early termination of your Franchise Agreement	See Note 11.
Failure to De-Identify Damages	\$500 per day	Upon demand	If you fail to comply with all of your de-identification obligations within 30 days after the expiration or early termination of your Franchise Agreement, you must pay us this fee for each day in which you are in breach of your obligations. This is in addition to other damages and remedies to which we may be entitled under applicable law.
Reactivation Fee	The lesser of 25% of past due balances or \$2,000	Prior to reactivation	If we have suspended your Hotel from the CRS and access to any revenue-generating or revenue-related programs because of a default under your Franchise Agreement, and you have cured the default, we may require you to pay this as a condition of reactivation. Although we may periodically change the amount of the fee, it will not exceed \$5,000.
Reservation System Maintenance Fee: Future Rate and Inventory	\$250 for first occurrence; \$500 for second occurrence; \$1,000 per occurrence thereafter	Payable monthly by the 15 th day of the following month	We charge this fee if you fail to meet our performance standard of maintaining at least 12 months of your advance room rates and inventory on CRS. We may periodically increase this fee by the Fee Adjustment.
Miscellaneous			
Reservation System Maintenance Fee: Central Reservation System Services	\$150 per service event	Payable monthly by the 15 th day of the following month	You incur this fee if you request additional assistance for performing CRS data maintenance. We may periodically increase this fee by the Fee Adjustment.
Alternative Payment Fee	\$25 processing fee per each occurrence for paper check. 3.5% processing fee for credit card payment.	As billed	This fee will be charged if you request that we process payments using a method other than direct debit.
American Hotel & Lodging Association ("AHLA") Fee	\$3.30 per Guest Room per year in 2026 \$3.75 per Guest Room per year in 2027	Payable annually, as billed	You will be enrolled automatically as a member of the AHLA each year, but you will be given an opportunity, on an annual basis, to opt out of participation. While enrolled, you will pay this fee to us, which we will remit to the AHLA. This amount is subject to change up to our direct costs paid to the AHLA.

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

Note 2 – You must pay us by means of an automated payment system using automatically recurring electronic funds transfer that we initiate (“Recurring EFT”), also known as Auto Pay. We may process the transfers at the time any payment is due and owing. Failure to fund your account at the time of a Recurring EFT withdrawal, or failing to enroll in Recurring EFT payments, will constitute a breach of your Franchise Agreement. If we permit you to pay by any other means, we may condition our approval on the payment of the alternative payment fee (per transaction). We also may periodically change your required method of payment with at least 30 days’ prior written notice.

Note 3 – Your obligation to make monthly payments of the Brand Fee will begin on the Opening Date. “Opening Date” means the date you open your Hotel in accordance with the terms of the Franchise Agreement. If you sign a Franchise Agreement in connection with the acquisition of an existing Knights Inn-branded hotel, your obligation to make monthly payments of the Brand Fee will begin on the date you close the acquisition of the Hotel. Whether a conversion, new construction or acquisition, you must make payments for all other fees and commissions from the time those fees are incurred, regardless of the Opening Date.

The Brand Fee, Revenue Management Insights Fee, Operations Insights Fee, and PMS-to-CRS Enhanced Connectivity Fee do not cover your costs of participating in any optional programs and promotions offered by us in which you voluntarily choose to participate, including our optional Revenue Consulting and Insights program (currently, \$249 to \$399 per month, depending on the property size and market scale, which we may periodically change). We may offer additional optional programs to you during the Term of your Franchise Agreement.

Note 4 – We may advance certain booking fees, reservation fees and commissions incurred in connection with the operation of your Hotel to third parties and bill you directly for reimbursement. Reservation fees are based on third-party fees and are subject to change. Currently, the fees based on reservation channel are as follows: brand.com (brand website and mobile), \$2.75 per reservation; direct connect, \$3.25 per reservation; IDS, \$4.00 per reservation; GDS, \$10.50 per reservation; and CRO (call center), \$7.00 per reservation. Reservation or booking fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.

Note 5 – We may use, or require you to use, a travel agent commission settlement program operated by a third-party provider selected by us. These settlement fees may be paid directly to the third-party provider or we may collect them and further remit your payment to the third-party provider, less an administrative fee per transaction. If these fees are paid directly to the third-party provider, they are subject to change periodically as third-party fees change.

Note 6 – The continuing monthly fee for Revenue Management Insights is optional for all Knights Inn Hotel Franchisees. Revenue Management Insights includes periodic competitor benchmarking reports and revenue management platform with revenue management platform with pricing reports. We may periodically add additional reports/features and change the components or restructure the program.

Note 7 – You will pay us a \$25 Guest Relations Fee for every guest or other complaint we receive. If the issue raised is not resolved to our satisfaction within 48 hours of our communication to your Hotel, then the fee will be raised to \$75. If it becomes necessary for us to resolve it, then the fee will be raised to \$125 per issue, plus we will charge you the cost of the resolution (such as a refund provided to a guest).

Note 8 – Under our Online Review Response Program, if you do not respond to any negative online reviews within 72 hours of the posting of such reviews, we may do so (directly or through a third-party) on your behalf, in which case you will pay us \$39 to \$150 for each response. These fees may increase based on the frequency and nature of complaints and negative reviews, and your responsiveness (e.g., the time it takes you to respond to guest reviews). We may periodically modify these programs.

Note 9 – You must participate in all required quality assurance and guest satisfaction survey programs and maintain minimum performance standards and scores that we may establish as required by the Brand Standards for your Hotel. We may provide these programs through our affiliates or agents. We (or our affiliates or agents) may conduct an evaluation of your Hotel using the Brand Standards. The inspection entails a review of hotel operations. At the conclusion, the results, in a written and numerical report, will be provided to your Hotel management and to us. Your Hotel must write off folio charges (room, tax, food and beverage and incidental charges) for the inspector. We may require additional inspections if your Hotel’s total score is below an acceptable level. We may waive your obligation to undergo a quality assurance inspection in a given year based on your Hotel’s performance in the preceding year; if you nevertheless request an inspection, you will be required to pay the initial inspection fee. If we require additional inspections of your Hotel, we may charge up to \$4,000 for the first re-inspection, and up to \$5,000 for any subsequent re-inspection. You must pay the costs of all inspections, including the reimbursement of personnel’s travel and meal expenses. If a quality assurance inspection is necessary to remediate guest satisfaction deficiencies, you may be required to pay \$5,000 for such remediation inspection. The frequency and methodology of inspections may change from year to year.

Note 10 – You must pay us this lump sum amount of damages if we terminate the Franchise Agreement for your breach before the authorized opening of your Hotel.

Note 11 – If we terminate your Franchise Agreement for cause, or you terminate your Franchise Agreement without cause, you must pay us lost revenue damages as a lump-sum equal to the Brand Fees, Revenue Management Insights Fees, Operations Insights Fees and PMS-to-CRS Enhanced Connectivity Fees payable for the period from the termination date through the end of the term. These lost revenue damages are in addition to any other damages and remedies to which we may be entitled under applicable law.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type of Expenditure	Amount		Method Of Payment (Note 32)	When Due	To Whom Payment Is To Be Made
	Conversion	New Construction			
Initial Fee (Note 2)	\$19,750	\$19,750	Lump Sum	Upon your signing of the Franchise Agreement	Us
Onboarding Administration Fee	\$1,000	\$1,000	ACH	When billed	Us

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type of Expenditure	Amount		Method Of Payment (Note 32)	When Due	To Whom Payment Is To Be Made
	Conversion	New Construction			
Initial Brand Training Fee & Reimbursement of Expenses (Note 3)	\$1,500 to \$4,000	\$1,500 to \$4,000	ACH	Before opening	Us
Initial Training Expenses (Note 4)	\$1,000 to \$2,000	\$1,000 to \$2,000	As arranged	As arranged	Suppliers and employees
PIP Fee (Note 5)	\$0 to \$5,000	N/A	ACH	Before we approve you as a Franchisee	Us
Market Study (Note 6)	N/A	\$0 to \$7,500	As arranged	Before opening	Third-parties
Real Estate, Legal and Title Expenses (Notes 1 and 7)	Variable	Variable	As arranged	Before opening	Third-party sellers and landlords
Permits, Licenses, Plans, Etc.	Variable (Note 8)	\$150,000 to \$550,000 (Note 8)	As arranged	Before opening	Suppliers and governmental authorities
Construction Costs	\$25,875 to \$258,750 (Note 9)	\$3,250,000 to \$7,250,000 (Note 10)	As arranged	Before opening	Contractors and suppliers
Furniture, Fixtures and Equipment ("FF&E") (Note 11)	\$15,525 to \$1,105,000	\$780,000 to \$1,200,000	As arranged	As incurred	Suppliers
Contingency (Note 12)	\$5,000 to \$50,000	\$418,000 to \$1,100,000	As arranged	As arranged	Contractors and suppliers
Exterior Signage (Note 13)	\$5,000 to \$50,000	\$12,000 to \$50,000	As arranged	As incurred	Suppliers
IT Implementation Services (Note 14)	\$0 to \$10,000	\$0 to \$10,000	ACH	Before opening	Us
Property Management System Installation Fee (Note 15)	\$1,000 to \$1,500	\$1,000 to \$1,500	ACH	Before opening	Suppliers
RFID Key System (Note 16)	\$0 to \$45,500	\$26,000 to \$45,500	As arranged	As arranged	Suppliers
Phone System (Note 17)	\$5,000 to \$15,000	\$15,000 to \$40,000	As arranged	As arranged	Suppliers

YOUR ESTIMATED INITIAL INVESTMENT (Note 1)					
Type of Expenditure	Amount		Method Of Payment (Note 32)	When Due	To Whom Payment Is To Be Made
	Conversion	New Construction			
Ancillary System, Hardware Network Administration (Note 18)	\$2,000 to \$15,000	\$2,000 to \$15,000	As arranged	Before opening	Suppliers
CRS to PMS Interface and Tokenization Set Up Fee (Note 19)	\$650 to \$4,395	\$650 to \$4,395	ACH	As arranged	Us
Low Voltage (Note 20)	\$0 to \$143,000	\$123,500 to \$143,000	As arranged	As arranged	Suppliers
Inventory/Supplies (OS&E) to Begin Operating (Note 21)	\$21,000 to \$39,000	\$105,000 to \$110,000	As incurred	Before opening	Suppliers
Other Pre-Opening and Grand Opening Expenses (Note 22)	\$15,000 to \$40,000	\$50,000 to \$75,000	As arranged	Before opening	Suppliers and other third-parties
RMS Installation Fee (Note 23)	\$400	\$400	As arranged	As incurred	Us
Insurance (for 12 months) (Note 24)	\$32,000 to \$61,000	\$49,000 to \$103,000	As arranged	As incurred	Insurance providers
Guest Wi-Fi and In-Room Entertainment Installation (Note 25)	\$4,296 to \$86,031	\$69,196 to \$86,031	ACH	Upon implementation	Suppliers
Photography Expenses (Note 26)	\$1,000 to \$5,000	\$1,000 to \$5,000	ACH	As arranged, before opening	Us
PIP Reinspection Fee (Note 27)	\$0 to \$5,000	N/A	ACH	As arranged	Us
Custom Architecture & Design Review (Note 28)	\$0 to \$10,000	\$0 to \$10,000	ACH	As arranged	Us
Lender Comfort Letter Fee (Note 29)	\$2,000	\$2,000	ACH	As incurred	Us
Construction Start Date Extension Fee (Note 30)	N/A	\$0 to \$5,000	ACH	As incurred	Us
Additional Funds (3-month initial phase) (Note 31)	\$30,000 to \$90,000	\$30,000 to \$90,000	As arranged	As incurred	Employees, suppliers, etc.
Total (Excluding Land)	\$188,996 to \$2,068,326	\$5,107,996 to \$10,930,076			

Note 1 – We have estimated costs based on a 65-room Knights Inn Hotel. We have relied on our and our affiliates' management's years of experience in the lodging business to compile these estimates. None of the fees payable to us are refundable. Amounts payable to third parties are non-refundable unless the supplier agrees otherwise.

Note 2 – The Initial Fee for a Knights Inn Hotel with more than 50 rooms is \$17,500 plus \$150 times the number of Guest Rooms in excess of 50. The Initial Fee must be paid to us by cashier's check, bank certified check, wire transfer, ACH, or credit card.

Note 3 – Your Hotel Representative(s) must complete our initial training program. The initial training is conducted virtually, unless otherwise determined, for a fee of \$1,500. In the event of in-person training, you must also reimburse us for our personnel's travel, meals, and lodging expenses, which we estimate to be up to \$2,500. These costs are due when billed and are non-refundable. The amount expended will depend on the distance those persons must travel and the type of accommodation chosen.

Note 4 – We estimate that you will pay \$1,000 to \$2,000 for accommodations and wages for your employees during the initial training program.

Note 5 – We may issue you a PIP that sets forth a list of all items you must perform prior to your Opening Date (or within some other timeframe stated in the PIP) to conform your hotel to the Brand Standards. If we issue you a PIP, we may charge you a non-refundable \$5,000 fee to cover the cost of preparing or verifying completion of that PIP.

Note 6 – You may choose (or your lender, if applicable, may require you) to conduct a market study before selecting a location for your Hotel. A market study will look at local demographics and potential sources of business and other business drivers in a market; analyze the current demand and supply for hotels in a particular market; forecast the demand and supply in a market; determine the availability of workers in a particular market; and analyze the competition in a market, among other things.

Note 7 – It is difficult to estimate real estate costs. These costs vary widely by reason of location, type of market, size of parcel, competitive market conditions and type of interest acquired; we anticipate that a 65-room Knights Inn Hotel will have a building area of approximately 25,000 square feet and be located on approximately one and a half acres of land. Additional costs incident to real estate may include legal fees and title recording expenses, all which vary by location.

Note 8 – These amounts include the cost of architects and engineers and construction plans, as well as local fees (including building permits, licenses and environmental impact fees), which vary widely depending on your specific location and situation, as well as the design selected by you, and may be significantly greater than shown in this table. You should consult with your attorney to determine applicable licenses and permits you must obtain to operate your Hotel and the associated fees.

Note 9 – For conversions, you will incur costs to bring your existing property into conformity with the Brand Standards as specified in your Franchise Agreement. We cannot estimate these costs with more precision as they vary significantly based upon the amount, type and physical condition of the hotel's existing property, fixtures, equipment, furnishings, furniture, signage, and similar items.

Note 10 – Construction costs may vary due to unusual conditions associated with site, preparation, foundations, etc., as well as the size and configuration of the site, the market and the cost of labor and materials.

Note 11 – For new developments, these estimates include FF&E for public spaces and Guest Rooms but does not include kitchen equipment, back-of-the-house equipment, or pools, as those vary significantly by property and build. For conversions, the lower end of these estimates assumes that current FF&E is in good condition and meets Brand Standards, with only Brand-specific FF&E acquired, and the higher end of the estimate assumes substantially all FF&E is replaced.

Note 12 – The term “Contingencies” refers to unanticipated construction cost overruns and other unanticipated expenses.

Note 13 – This estimate includes a vendor site survey (if needed); and fabrication and installation of exterior signage. The estimate includes the cost of painting cabinets and poles but does not include any electrical/wiring; permits; or freight/shipping. Your actual cost will depend on factors such as the sign size, material, height, ease of access, and equipment needed for location, and may exceed the estimates indicated.

Note 14 – This estimate includes the CRS and interface builds, Sonesta IT project management implementation services relating to our specified solutions, including a comprehensive site survey, coordination with your Hotel’s general contractors for systems installation and schedule, and installation of our required systems. If you require our assistance to configure and install these components, you will pay us this services fee, which may be up to \$10,000; this estimate includes travel and other expenses for our personnel, which we anticipate being \$750 to \$2,500.

Note 15 – This fee is dependent on certain components of your Hotel that must be activated and the complexity of your Hotel, such as the size and location.

Note 16 – RFID Key Systems are required for all Knights Inn Hotels. This figure was calculated by dividing the total cost of the RFID Key System by number of Guest Rooms (and includes common area doors in the overall cost per Guest Room averages). This figure does not include “on-line” lock enhancements that are integrated with the RFID Key Systems.

Note 17 – We require a minimum of one phone per Guest Room. If you are converting an existing hotel to a Knights Inn Hotel, you may use Cat3 cabling. If you are constructing a new Knights Inn Hotel, you must use an IP-based phone system. The cost to implement a new phone system will vary depending on the number of Guest Rooms and features provided with the phone system. You must also purchase a telephone service in the form of analog phone lines, primary rate interface (PRI), or SIP to provide connectivity for the phone lines.

Note 18 – This estimate includes the cost of ancillary equipment required to connect, secure, and operate your computer systems such as firewalls, network switches, software, servers, desktop computers, printers, battery backup, patch cables, cable management, and data racks. For conversions, existing hardware and platforms may be used upon verification by us, but we may require you to purchase new workstations, servers, network switches and firewalls, and added software and solutions to support our technology operating standards and security solutions. This may include credit card readers for PCI and EMV compliance, the upgrade or

replacement of PCs and laptops if they are older than four years, and the replacement of switches and firewalls should they be not compatible with our required systems.

Note 19 – This amount is charged by our third-party CRS provider for setting up an interface with your PMS. The low end of this estimate does not include the cost of any optional features or services available, while the high end includes the cost of all such optional features and services, and contemplates that set-up will be completed within 4 hours and that rush integration is requested. We will collect this PMS Interface and Tokenization Set Up Fee from you and remit to our third-party CRS provider.

Note 20 – Costs for low voltage wiring can range from \$1,900 to \$2,200 per Guest Room. Factors such as ceiling construction type, access panels, proximity to IDFs, number of data runs per room, and union locations will all impact cost.

Note 21 – These amounts include operating supplies and equipment (“OS&E”) for Guest Rooms and common area marketing materials. The amount may differ based on the mix of room types at your Hotel. The amounts include front desk livery, graphic wall, lobby coffee machine, plus bed base wrap in Guest Rooms, curved shower rod accessories and other operating supplies and equipment. The estimate does not include freight charges, taxes, tariffs, installation or similar fees.

Note 22 – These amounts include additional estimated expenses for the approximate three-month period prior to your Opening Date, including startup expenses, such as utilities and security deposits, labor costs, pre-opening marketing costs, and costs of professional advisors. Your market, your pace of ramping up the property’s occupancy and average daily rate, the seasonality of your opening, the quality of your property management team, and other factors will impact the funding you require for this category of expense.

Note 23 – You will also be required to pay us this RMS installation fee.

Note 24 – You must, at your own expense, keep in force insurance policies for your Hotel. We may change types and amounts of coverage. This estimate is based on our current requirements which are described in detail in Item 8 of this disclosure document. You will likely have to prepay all or a portion of the first year’s premiums for insurance. The premiums may vary widely depending on a number of factors, such as insurance carrier, market conditions, the type of building construction, location of your Hotel, revenue of your Hotel, number of employees, your credit worthiness, and your loss history. The low end of the estimate for a conversion hotel assumes you have the specified minimum insurance. For Knights Inn Hotels located in Florida, the high end of the insurance expense estimate is \$263,802 for new construction and \$188,430 for conversions due to higher local costs and expenses in that state.

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

Note 26 – You must hire a professional photographer to take photographs of your Hotel prior to the opening of your Hotel.

Note 27 – If we have to reinspect your Hotel because you fail the PIP inspection, we may charge you an additional PIP fee.

Note 28 – This fee will only be required if your Hotel requires custom architecture review by us.

Note 29 – This is to cover our administrative fees arising from review and processing of lender comfort letter requests.

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

Note 31 – The additional funds represent certain expenses that you will incur in the operation of the business. You may need these funds to operate your Hotel during its three-month initial phase following activation in our CRS. The estimated amount covers items such as payroll costs, rent, utilities, on-going advertising, facility expenses, security, and maintenance - but does not include any salary or allowance for an owner's draw, any amounts you must pay us, or any additional inventory you may need after your initial inventory is consumed. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Hotel; the extent to which you follow our suggested methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your Hotel; competition; and other factors.

Note 32 – For those fees listed as payable to us, we may periodically change your required method of payment upon notice to you.

We do not finance any portion of your initial investment.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Authorized Specifications and Suppliers

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

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

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

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

If you want to purchase goods or services from an unapproved supplier, then you may submit a written request for us to approve the supplier. You must submit to us all information, specifications and samples that we request. Any goods or services from suppliers must be in accordance with Brand Standards. We will review all of the pertinent information. While we have no obligation to respond within a certain time frame, our review typically takes 30 days to complete. We have the right to require as a condition of our initial and continued approval that our representatives are permitted to inspect the supplier’s facilities and that the suppliers enter into our then-applicable supplier agreement. We currently do not charge a fee for the supplier approval process. We may change our approval process or supplier criteria at any time. If we approve a supplier as to any goods, services, suppliers or materials, we must grant our approval in writing. We may condition our initial and continued approval of a supplier on certain requirements, such as delivery frequency, standards of service (including prompt attention to complaints), concentration of purchases, insurance protection, the supplier’s willingness to enter into indemnity and confidentiality agreements, payment of reasonable license fees (if Marks are used), and other criteria. Other than this description of our criteria, we do not disclose any further details of our criteria for approving suppliers to franchisees.

We may approve suppliers on a temporary basis and/or revoke approval of Approved Suppliers who no longer satisfy our criteria for suppliers or do not pass reinspection, and if that happens, we will provide reasonable written notice of such disapproval to you.

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

beverage products from purchases made by franchisees or by Network Hotels we own or manage.

You may receive a rebate of up to 2% of the purchase price from an approved supplier for procurement of items such as operating/maintenance equipment and supplies, food and beverage products, and select services, if you comply with the supplier's program requirements and the supplier's program remains in effect. Otherwise, we do not provide any material benefit to a franchisee based on a franchisee's use of designated or pre-approved suppliers, except that your purchase or lease of goods or services as required is an essential element of your compliance with the Franchise Agreement and the Brand Standards, and your failure to do so is a breach of the Franchise Agreement and may result in your loss of material benefits, up to and including the termination of the Franchise Agreement.

Required Purchases from Approved Suppliers

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

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

Computer System

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

Please see the further discussion related to your PMS and other technology requirements in "Computer Systems" under Item 11, below.

Insurance

You must procure and maintain, at your expense, such types of insurance coverage in the types and amounts we periodically require, in addition to any other insurance that may be required by applicable law, your landlord, your mortgagee, or otherwise. At a minimum, such policies shall include the following (primary and excess/umbrella policies may be used in any combination as long as the total minimum limit requirements are met):

- Commercial general liability (“CGL”) insurance for any claims or losses arising or resulting from the operations/premises of the hotel with limits of not less than \$1,000,000 per occurrence and a general aggregate limit not less than \$2,000,000; limits shall apply on a per location aggregate basis if the hotel is insured under a blanket policy;
- Property/all risk and contents insurance (or builder’s risk insurance during any period of construction) on all building(s) and contents against loss or damage by fire, lightning and all other risks associated and covered by the “all risks” policy form, all in an amount not less than 90% of the replacement cost;
- Boiler & machinery insurance against loss or damage from explosion of boilers or pressure vessels to the extent applicable;
- Business interruption insurance covering at least 12 months loss of profits and necessary continuing expenses for interruptions caused by a covered occurrence;
- Workers’ compensation insurance in statutory amounts for all your employees and employer’s liability insurance in amounts not less than \$1,000,000 per accident/disease;
- Liquor liability (applicable only when or if you distribute, sell, serve, or furnish alcoholic beverages) with limits of not less than \$1,000,000 per occurrence; limits shall apply on a per location aggregate basis if the hotel is insured under a blanket policy;
- Automobile liability insurance including owned, non-owned and hired vehicles for combined single limits of bodily injury and property damage of not less than \$1,000,000 per occurrence and a general aggregate limit not less than \$3,000,000;
- Garage-keeper’s liability to the extent that the hotel operations include parking operations, with a limit adequate to cover the full actual value of all automobiles that are in your care, custody, and control at any one time;
- Cyber liability insurance with limits of not less than \$1,000,000 per occurrence; and
- Umbrella or excess liability insurance with limits of not less than \$5,000,000.

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

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

policies and proof of payment. You also must deliver renewal certificates to us not less than 10 days prior to each insurance policy’s renewal date.

General

In the year ended December 31, 2025, RLHC received \$162,993 and SRLHF received \$14,195 from vendors based on purchases by all Network Hotels (including our franchisees, licensees, and owned and managed Network Hotels).

During fiscal year ended December 31, 2025, SRLHF derived \$16,064,070 (or 28.8% of SRLHF’s revenue of \$55,755,149), from purchases of goods and services by franchisees and licensees of all Network Brands.

We estimate that 10% to 15% of the products, services, supplies, furniture, fixtures, equipment and inventory used to establish a new Knights Inn Hotel, 3% to 5% used to convert an existing hotel into a Knights Inn Hotel, and 5% to 10% used to operate a Knights Inn Hotel are subject to our specifications.

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

ITEM 9. FRANCHISEE’S OBLIGATIONS

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

FRANCHISEE’S OBLIGATIONS		
Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Not applicable
b. Pre-opening purchases/leases	Section 6.(d)	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Sections 6.(a) and 6.(b)	Items 7, 8 and 11
d. Initial and ongoing training	Sections 4.(b) and 4.(d)	Items 1, 6 and 11
e. Opening	Sections 6.(b)	Item 11
f. Fees	Sections 2, 3.(b), 3.(c), 3.(d), 3.(f), 6.(c), 6.(d), 6.(h), 6.(i), 6.(j), 6.(n), 10.(b), 11.(a), and 12.(b)	Items 5, 6, and 7
g. Compliance with standards and policies/operating manual	Sections 4.(c), 6, 9, 14.(b) and 14.(e)	Items 8 and 11
h. Trademarks and proprietary information	Section 9	Items 13 and 14
i. Restrictions on products/services offered	Section 4.(f)	Item 16

FRANCHISEE'S OBLIGATIONS		
Obligation	Section in Franchise Agreement	Disclosure Document Item
j. Warranty and customer service requirements	Sections 6.(c) and 6.(i)	Item 6
k. Territorial development and sales quotas	Not applicable	Not applicable
l. Ongoing product/service purchases	Sections 6.(c), 6.(d), and 6.(h)	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 1.(b), 6.(a), and 6.(c)	Items 6, 11 and 17
n. Insurance	Section 6.(h)	Item 8
o. Advertising	Sections 5 and 6.(k)	Items 6, 7 and 11
p. Indemnification	Section 14.(a)	Item 6
q. Owner's participation/management/staffing	Sections 6.(e) and 14.(o)	Item 15
r. Records and reports	Section 8	Item 6
s. Inspections and audits	Section 7	Items 6 and 11
t. Transfer	Section 10	Items 6 and 17
u. Renewal	Section 1.(d)	Items 6 and 17
v. Post-termination obligations	Section 12	Item 17
w. Non-competition covenants	Not applicable	Not applicable
x. Dispute resolution	Sections 14.(g), 14.(h), 14.(i), 14.(j) and 14.(k)	Item 17
y. Guarantee	Section 13.(c)	Items 1 and 15

ITEM 10. FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases, or other obligations.

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

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

Pre-Opening Assistance

Before you open your Hotel under the Brand, we will provide you the following assistance (at our discretion):

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

with the PIP. (Franchise Agreement, Section 6.(a); Conversion Rider, attached as Exhibit C-1 to the Franchise Agreement);

- Review and approve your plans, layouts, specifications and drawings for your Hotel (the “Plans”) and your plans, layouts, specifications and drawings for the proposed furnishings, fixtures, equipment and décor of your Hotel (the “Designs”), at our election. You are responsible for ensuring your Plans and Designs comply with all applicable laws, rules, permits, licenses, and other governmental requirements. (Franchise Agreement, Sections 6.(a) and 6.(b); Conversion Rider and New Construction Rider, attached as Exhibit C-1 and Exhibit C-2 to the Franchise Agreement, respectively);
- Inspect your Hotel, at our election, during or following renovation or construction, as applicable, to determine compliance with the Brand Standards. (Conversion Rider and New Construction Rider, attached as Exhibit C-1 and Exhibit C-2 to the Franchise Agreement, respectively);
- Provide you with onboarding services. (Franchise Agreement, Section 2.(g));
- Gather all information from you necessary to build your Hotel into the CRS. (Franchise Agreement, Section 4.(a));
- Provide one Hotel Representative with initial brand training in areas such as brand programs, marketing, sales, and brand culture. You will then be responsible for training your own employees. (Franchise Agreement, Section 4.(b));
- Provide you a copy of the Brand Manual (currently, 87 pages), which may be provided in an electronic medium, including by download from our website. The Brand Manual is confidential and remains our property, and you must return it to us upon the expiration or earlier termination of the Franchise Agreement for any reason (Franchise Agreement, Section 4.(c)). The table of contents of the Brand Manual is provided here as Exhibit C;
- If you elect to obtain a Management Company (as defined in Item 15), or at any time during the term of the Franchise Agreement change the Management Company, provide our consent to the Management Company and your agreement with the Management Company, which consent we may withhold for any reason. (Franchise Agreement, Section 14.(o));
- Provide you with a list of and specifications for equipment, supplies, advertising materials, inventory and other products and services we require you to use to operate your Hotel and a list of approved or recommended suppliers of these items. We do not deliver or install these items. (Franchise Agreement, Section 4.(f)); and
- Assign a project manager or onboarding specialist to you. (Conversion Rider and New Construction Rider, attached as Exhibit C-1 and Exhibit C-2 to the Franchise Agreement, respectively).

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

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

Operational Phase Obligations

During the operation of your Hotel, we will:

- Provide you with access to the brand-designated CRS. (Franchise Agreement, Section 4.(a));
- Provide required training programs either virtually or in-person. (Franchise Agreement, Section 4.(b));
- Provide you with Revenue Management Insights. (Franchise Agreement, Section 2.(c));
- Provide you with Operations Insights. (Franchise Agreement, Section 2.(d));
- Convene a virtual brand conference (no less frequently than every 24 months) at which Franchisees may network and participate in educational seminars (the “Brand Conference”). (Franchise Agreement, Section 4.(d));
- Provide you with access to our IT Help Desk for support with one email account we provide and our owner’s intranet portal. (Franchise Agreement, Section 4.(b));
- Provide you access to the CRO (Call Center). (Franchise Agreement, Section 4.(h)); and
- Establish and host one email address for your Hotel. (Franchise Agreement, Section 4.(b)).

Site Selection and Lease

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

Hotel Specifications

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

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

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

assume any responsibility for the efficacy of the Plans and Designs, or the resulting Renovation Work or Construction Work, as applicable.

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

Computer Systems and Other Technology

Before commencing operation of your Hotel, you must ensure the PMS that we designate is installed at your Hotel in compliance with the specifications described in the Brand Manual or otherwise in writing, that it is fully operational, and that your staff is properly trained in its use. The approved PMS supports integration with our platform for data sharing, booking synchronization, and loyalty program management. Ongoing support and training will be available for using the approved PMS. You may not maintain any PMS other than the PMS we designate in connection with the operation of your Hotel.

You must enable the PMS to provide direct full two-way connectivity with our CRS (currently, SynXis, by Aven). Currently, you must pay us \$99 per month for PMS to CRS enhanced connectivity. We may also charge an IT Implementation Services fee of up to \$10,000 to configure your CRS to conform to our Brand Standards and ensure proper integration with your PMS. We also require that you implement the Shift4 credit card interface for both the PMS and CRS. We may require additional interfaces in the future. We periodically may revise the specifications for your PMS, point-of-sale system, and related interfaces, and we may require you to use our authorized or designated suppliers.

You must make periodic upgrades and updates to the PMS that we require, including establishing interfaces to new programs that may become Brand Standards in the future. There are no contractual limitations on the frequency and cost of this requirement. We do not have any obligation to provide ongoing maintenance, repairs, upgrades or updates to your computer system.

The estimated cost of PMS software varies and is often dependent on the number of rooms at your Hotel, but it is expected to range from \$300/month to \$450/month for Hotels of up to 100-rooms, plus a one-time implementation fee of \$1,000 to \$1,500. More elaborate features (which we do not require but that you may select for other reasons) could cost significantly more. If we change the Brand-designated PMS in the future, you may be required to purchase, lease or license new or modified computer hardware, software and PMS. You will also be required to pay (i) between \$650 and \$4,395 for the Interface and Tokenization Set Up Fee (depending on whether you choose optional features and rush integration, as further described in Item 5) for setting up an interface with your Property Management System, which is charged by our third-party CRS provider, and (ii) a \$400 RMS Installation Fee for installation of the RMS system.

An on-property Wi-Fi network for the benefit of hotel guests is also required. The estimated cost to implement a Wi-Fi network meeting our standards ranges from approximately \$850 to \$1,100 per Guest Room. The ongoing cost of the Wi-Fi network is estimated to be approximately \$2.50 to \$5.50 per month per Guest Room. These amounts are payable directly to our approved third-party vendors. Additionally, high-speed internet access may cost up to \$750 per month depending on your location and the amount of bandwidth you purchase.

Additionally, you must provide an in-room entertainment system for your Hotel's guests subject to our Brand Standards. When working with our approved guestroom entertainment vendor(s), the estimated implementation costs for deploying the Brand Standard solution for Hotels with more than 65 rooms is \$9,000 plus \$10 per Guest Room for basic, free-to-guest ("FTG") content. Pricing packages exist for rolling capital costs into the monthly fee. The monthly cost for a 40-channel lineup begins at \$7.99 per room per month. Additional OTT features to provide streaming/casting capability can be added with additional one time and ongoing per room expense. Pricing packages exist for rolling capital costs into the monthly fee. Additional equipment or labor may be required on a property by property basis.

You must purchase a RFID Key System from one of our approved vendors. The cost of purchasing this software ranges from \$400 to \$700 per Guest Room. You may choose to purchase additional and ongoing support for the lock system software from one of our approved vendors.

A phone system (PBX) is required for all for all Hotels. Existing phone systems that use Cat3 cabling are acceptable for conversions. New construction Hotels must deploy IP-based phone systems with a minimum of one phone per Guest Room. Cost estimates for deploying a new PBX ranges from \$5,000 to \$15,000 for conversions and \$15,000 to \$40,000 for new construction, depending on the room count and features provided with the system. "Phone service" in the form of analog phone lines, primary rate interface (PRI), or session initial protocol (SIP) must also be procured to provide connectivity for the phones. These services may be procured from the supplier providing the phone system, the supplier providing internet service to the building, or another "phone service" provider. We estimate the monthly cost for these services to range from \$50 to \$300, with additional usage costs for 1-800 and/or long distance calls.

You will be required to purchase low voltage infrastructure to connect computer systems throughout your Hotel. The cost of such infrastructure is estimated to range from \$0 to \$143,000 for Knights Inn Hotels with 65 Guest Rooms.

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

You must use our designated learning management system, which we may change in the future. You will not need to incur any installation costs for the learning management system, but you may be required to incur certain expenses in connection with its maintenance and support, which we estimate to be no more than \$500 per month.

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

Training

Initial Training

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

Before opening or within 90 days of activation in our system, your Hotel Representative(s) must complete initial brand training to our satisfaction. Training will be virtual or at a location we designate, typically up to four days, and may include additional attendees if space allows. Failure to complete training satisfactorily may result in termination of the Franchise Agreement. You will pay the initial training fee of \$1,500, plus travel, lodging, wages, and insurance for attendees, which we estimate to be up to \$2,500. Verification of successful completion is required. Additional training may be requested at our then-current fees as outlined. We and you will jointly determine the duration of this additional training. If additional training is not requested in writing at the end of initial training, the Hotel Representative will be deemed sufficiently trained. If a trained Hotel Representative leaves, a new representative must complete initial training at our then-current fees as outlined, and you must pay all travel and living expenses. Ongoing training or advice may be modified or discontinued at our discretion, and attendees may be required to sign confidentiality agreements.

Our training program includes certain pre-recorded training modules, established curriculum, and training materials (including the Brand Manual) designed to assist you in understanding programs related to Knights Inn Hotels. The content will be facilitated by a team of subject matter experts and made readily available in our designated learning management system, which is overseen by our Senior Director of Training. Our current Senior Director of Training has 6 years' experience in the subjects taught and less than one year with us and the Brand.

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

Training Program

Subject	Hours of Classroom Training¹	Hours of On-the-Job Training	Location²
Brand Welcome & Orientation	1-3	0	Virtual or on-site
LMS- Sonesta University & Access Point	1-2	0	Virtual or on-site
Brand Programs & Services	3-5	0	Virtual or on-site
Brand Standards, Policies, & Procedures	3-5	0	Virtual or on-site
CRS	1	0	Virtual or on-site
Technology & Supplier Services	2-5	0	Virtual or on-site

Subject	Hours of Classroom Training¹	Hours of On-the-Job Training	Location²
Guest Relations, Brand Reputation Performance. And Reviews	3-5	0	Virtual or on-site
Total	14-26	0	

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

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

Ongoing Training

We may require you, your Hotel Representative(s), and/or previously trained and experienced employees to attend periodic training courses, including third-party programs, with current fees of \$2,000 per day (on-site) or \$200 per hour (virtual), not exceeding two courses or three business days per year. You must also attend the Brand Conference at least every 24 months. All additional training and conferences may be virtual and will be limited to five days per calendar year.

Marketing and Advertising

Periodically, your Hotel may be included in (i) national or regional group advertising of some or all Knights Inn Hotels, and (ii) international, national and regional market programs offered by us subject to and in accordance with our general practice for Knights Inn Hotels. We may modify references to the Hotel address to help optimize marketing programs and opportunities; provided, however, if there is a significant change in a reference to your Hotel’s address, we will confer with you but have sole discretion in how your Hotel’s address is referenced. We may pay for various expenses and programs that, in our view, benefit the Network Hotels, including global sales, but we are not obligated to do so. We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services or personnel with any other entity, including our affiliates. Expenditures are intended for the benefit of Network Hotels.

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

Local Marketing

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

harm the Brand, we may notify you to withdraw or discontinue the use of any advertising or promotional materials or Online Presence, even if previously approved. Within five days after delivery of such notice, you must withdraw and discontinue use of the relevant advertising and promotional materials or use of such Online Presence.

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

We currently do not require you to join a regional or local advertising cooperative, or any other advertising fund. We have the right to form, change, dissolve, or merge cooperatives.

Websites, Social Media and Other Online Presence

You may not register, own, maintain or use any domain name, website, email address, social media account, user name, other online presence or presence on any electronic, virtual, or digital medium of any kind (collectively, the "Online Presence") related to Network Brands, your Hotel, or any Network Marks without our prior written approval. You are prohibited from maintaining independent or vanity online presences, and you may not list your Hotel's details on third-party sites, including OTAs, without approval. Any Online Presence you establish must comply with Brand Standards, our guidelines, and applicable privacy policies. We may withhold, withdraw, or modify approval at any time, and these restrictions survive the expiration or termination of the Franchise Agreement. We retain the right to pre-approve linking or framing of your content and to determine the content and use of all media associated with the Marks. You may not post third-party material without proper rights or licenses, and you must include any information we require to protect the Marks. We own all Online Presences, and you must grant us access and take any actions necessary to confirm or transfer ownership or administrative rights. Upon termination of the Franchise Agreement, you must assign and transfer all rights, registrations, and domain names containing Network Marks to us, notify registrars of your loss of rights, and remove all references to the Marks from other Online Presences you control. If approved, your Hotel's informational web pages may be linked from the Brand's website at your expense. All use of Online Presences, including social media, must comply with our Brand Standards, content and communication guidelines, and naming conventions. Social media pages require our approval, must be linked to the Brand's official pages, and may be removed if they fail to comply with our requirements.

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

Loyalty Program

We and our affiliates may administer and manage loyalty programs that will provide participating guests of your Hotel with certain rewards or benefits when staying at your Hotel. Such loyalty programs may apply specifically for the Brand or any or all of the Network Hotels. Currently, Knights Inn Hotels do not participate in a loyalty program, if we administer one in the future, you must participate.

Time between Signing Your Franchise Agreement and Opening your Hotel

If you are converting your existing hotel into a Knights Inn-branded hotel, the typical length of time between signing your Franchise Agreement and opening your Hotel as a Knights Inn Hotel is expected to be 45 to 90 days. Factors that may affect this typical time period include your ability to install equipment, fixtures, furniture, and signage that comply with Brand Standards; recruit competent staff; and complete any required renovation work, including any PIP that we issue (including obtaining any requisite building permits, certificates of occupancy, and local licenses, as applicable). If your Hotel is new construction, we require that you commence construction (start pouring the foundation) within 12 months of the date your Franchise Agreement is signed, and open your Hotel as a Knights Inn Hotel within 12 months of commencing construction. We estimate the time from the date on which you sign your Franchise Agreement to the date you open your hotel as a Knights Inn Hotel to be 12 to 24 months (or 12 months from the time you commence construction). This estimate will vary depending on numerous factors, including location, your ability to obtain a lease, if applicable, construction schedules and unanticipated construction delays, weather conditions, and financing, as well as those factors identified above in connection with conversions. If you fail to commence the renovation work by the commencement date specified in the PIP or complete the renovation work by the completion date specified in the PIP, or if you fail to commence construction work by the commencement date specified in the Franchise Agreement or complete the construction work by the completion date specified in the Franchise Agreement, we may terminate the Franchise Agreement.

ITEM 12. TERRITORY

We grant franchisees a non-exclusive license to operate Knights Inn Hotels at a specified location. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

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

- (a) establish and operate, or allow others to establish and operate, Knights Inn Hotels at any location on any terms we deem appropriate;
- (b) establish, operate, or license others to operate hotels or other businesses under any Network Marks or other marks offering similar products or services anywhere in the world;
- (c) purchase, merge, acquire, be acquired, or affiliate with other franchise systems or businesses, and operate or license them under the Marks or any other marks;
- (d) sell or transfer ownership interests, assets, the Marks, or the Brand; engage in public offerings, private placements, mergers, acquisitions, or any financial restructurings; and
- (e) engage in all other activities not expressly prohibited by the Franchise Agreement.

We are not required to pay you if we exercise any of the rights specified above. We have and continue to use all channels of distribution, including internet, catalog sales, telemarketing, or other direct marketing sales to make sales anywhere using any of the Network Marks or future marks we may acquire or create. We are not obligated to compensate you for sales made to

customers located near your Hotel. Franchisees of all Network Brands may solicit or accept customer reservations from customers located anywhere, and likewise, you may solicit or accept customer reservations from customers located anywhere. However, you may not solicit or accept customer reservations through any Online Presence except as expressly permitted by the Brand Standards.

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

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

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


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

ITEM 13. TRADEMARKS

Principal Trademarks

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

The following table summarizes the status of the service marks registered with the U.S. Patent and Trademark Office on the Principal Register that are licensed to you under the Franchise Agreement. For the following registrations, we have filed all required affidavits and renewals.

SERVICE MARKS REGISTERED ON THE U.S. PATENT AND TRADEMARK OFFICE'S PRINCIPAL REGISTER		
SERVICE MARK	REGISTRATION NO.	REGISTRATION DATE
KNIGHTS INN	1,962,870	March 19, 1996
KNIGHTS INN & SUITES	3,357,748	December 18, 2007
	5,869,795	September 24, 2019

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

Currently Effective Trademark Determinations

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

Agreements Significantly Limiting Your Rights to Use the Marks

There are no agreements that significantly limit our right to use or license the use of our principal marks.

Protection of Your Right to Use the Trademarks

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

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

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

Knowledge of Superior Rights or Infringing Uses

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

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

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

There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted materials which are relevant to their use by our franchisees.

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

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

“Confidential Information” includes, without limitation, site selection criteria; training and operations materials; Brand Standards, systems, procedures, techniques, and marketing knowledge; market research and promotional programs; specifications and suppliers of furniture, fixtures, equipment, products, and supplies; proprietary software, hardware, technology, passwords, source code, and related data; operating results of other Knights Inn Hotels; and customer data.

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

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

You may engage a management company (the “Management Company”) that we approve to manage the direct operation of your Hotel. The management agreement or other agreement between you and the Management Company will be subject to our prior written approval. Prior to opening your Hotel or within 90 days of activating your Hotel in our system, one of your Hotel Representative(s) must successfully complete our training program. Whether you are an individual, corporation, limited liability company, partnership or other entity, you are at all times responsible for the management, direction and control of your Hotel, regardless of whether you

retain a Management Company. If you are a legal entity, your “Principal” must have (a) authority to bind the entity in all matters under the Franchise Agreement, and/or (b) primary responsibility for the entity’s management and day-to-day operations, regardless of ownership percentage. If you hire a Management Company, it will not be required to have an equity interest in you.

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

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

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

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

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

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	Section 1.(c)	Initial term is three years.
b. Renewal or extension of the term	Section 1.(d)	If you satisfy the conditions in the Franchise Agreement, the term of your Franchise Agreement will automatically extend for three years, which may be extended twice more at three-year intervals.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
c. Requirements for franchisee to renew or extend	Section 1.(d)	Term of your Franchise Agreement will automatically renew for up to three additional five-year periods if: neither party gives at least 90 days' prior written notice of intent not to renew to the other party; you are not in default under the Franchise Agreement, any related agreement, or any supplier or vendor agreement; at least 60 days before expiration, you complete all maintenance, refurbishing, renovation, and upgrades we require to meet Brand Standards and any applicable PIP; you remain lawfully entitled to use and occupy the Premises for the following successor term; you have not received four or more default notices during the term of the Franchise Agreement; and you pay us a renewal fee of \$5,000. Upon renewal, we may require you to sign our then-current form of franchise agreement and may also require, as a condition to renew, that you and your owners sign a general release.
d. Termination by franchisee	N/A	You may terminate on any grounds available by law.
e. Termination by Franchisor without cause	Sections 11.(e) and 11.(f)	If your Hotel is condemned and a new hotel is not found within one year of closing of the Hotel, we may terminate your Franchise Agreement upon notice to you, and you must pay Lost Revenue Damages. If your Hotel is damaged by fire or other casualty, and you do not re-open a new hotel within 18 months (or elect not to repair or rebuild the Hotel), we may terminate your Franchise Agreement.
f. Termination by Franchisor with cause	Sections 11.(b) and 11.(c)	We can terminate your Franchise Agreement if you default.
g. "Cause" defined- curable defaults	Section 11.(b)	<p>Curable defaults include: failure to pay any amount due us when such amount is due or failing to enroll in automated recurring payments; serious or imminent threat to public health or safety arises from Hotel's construction, maintenance, or operation; you or any of your officers, directors, owners, or managers engage in conduct harmful to or reflecting adversely on you, us, or any Network Mark, or demonstrating reckless disregard for the well-being of employees, guests, our representatives, or the public; excessive guest complaints; failure to procure the required insurance; three or more defaults within a 12 month period, or two or more defaults within a six month period; three or more guest complaints that have not been resolved to our satisfaction; failure to comply with the Brand Standards; and failure to comply with any other obligation or requirement under the Franchise Agreement.</p> <p>You will have five days, regardless of any longer period of time that any governmental authority may have given you (or less, if a governmental authority provides for a shorter cure period), to cure a serious or imminent threat or danger to public health or safety results from constructing, maintaining or operating your Hotel. For any other defaults, you will receive a written notice of breach or default and will have five days to cure such default, unless a longer cure period was specified in the notice of default, other than for those reasons in Section 11.(c) of your Franchise Agreement (subject to state law).</p>

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
h. "Cause" defined- non-curable defaults	Section 11.(c)	Non-curable defaults include: you or any owner made or makes a material misrepresentation in obtaining the franchise or operating your Hotel; you abandon the Hotel, cease operations for more than seven consecutive days or fourteen days in any year, lose possession of the Premises, or lose the right to conduct business there; you fail to open by the required opening date identified on Exhibit A to the Franchise Agreement; you deny or interfere with our inspection or PMS access rights; unauthorized transfer of your rights or the Franchise Agreement; breach of confidentiality covenant; misuse or unauthorized use of the applicable Marks or Confidential Information; bankruptcy; insolvency; appointment of a receiver; after receiving more than one notice from us, you engage in inappropriate or abusive conduct toward us or our representatives, other franchisees, or customers; or default by you under any agreement with our affiliates or us, or with third-parties that we require you to enter according to your Franchise Agreement, after a prior notice and cure period (subject to state law).
i. Franchisee's obligations on termination/non-renewal	Section 12	Obligations include: paying amounts due to our affiliates, us and third-parties; ceasing operating business as an Knights Inn-branded hotel; cease using or operating any Online Presence and disable or transfer exclusive control of any Online Presence to us; removing Knights Inn signage and otherwise de-identifying your Hotel; distinguishing future operations; removing internet references; and ceasing use of and returning or destroying (at our direction) all tangible and intangible copies of the Marks and Confidential Information in your possession or control.
j. Assignment of contract by Franchisor	Section 10.(a)	No restrictions on our right to assign.
k. "Transfer" by franchisee-defined	Section 10.(b)	The term "transfer" refers to any sale, encumbrance, pledge, mortgage, assignment, or other disposition of the Franchise Agreement, your hotel, your ownership interests, or substantially all of your Hotel's assets. You may not engage in a transfer without our prior written consent.
l. Franchisor's approval of transfer by franchisee	Section 10.(b)	We have the right to approve all transfers. However, we will not unreasonably withhold our consent to a proposed transfer if all of the conditions in Section 12.(b) of your Franchise Agreement are met.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
m. Conditions for Franchisor approval of transfer	Section 10.(b)	Conditions include: all amounts owed to us, our affiliates and required third parties are not outstanding; there are no defaults under the Franchise Agreement or related agreements; your (and your owners') execution of a general release of claims; we receive all requested information and documentation about the transfer and transferee; transferee's assumption of obligations or execution of a new franchise agreement on our then-current form, as designated by us; payment of a transfer fee equal to the Initial Fee; transferee meeting our franchisee criteria; completion of required Hotel maintenance, refurbishing, or PIP; landlord approval if the Premises is leased; subordination of any owner-financed obligations to amounts due us; and satisfaction of any other reasonable conditions we impose, including that the timing of the transfer is reasonably acceptable to us. Upon the transfer of any ownership interests in you (if you're a legal entity), you must pay us an onboarding administration fee; see Item 6.
n. Franchisor's right of first refusal to acquire franchisee's business	None	Not Applicable
o. Franchisor's option to purchase franchisee's business	None	Not Applicable
p. Death or disability of franchisee	Section 10.(b)	Any transfers occurring upon your death will be considered a "transfer" of your Franchise Agreement and will be subject to the conditions to transfer in section m, above.
q. Non-competition covenants during the term of the franchise	None	Not Applicable
r. Non-competition covenants after the franchise is terminated or expires	None	Not Applicable
s. Modification of the agreement	Section 14.(c)	No modifications unless signed by the party against whom enforcement is sought, but we may unilaterally modify our Brand Standards and you will be bound by such modifications.
t. Integration/merger clause	Section 14.(m)	Only the terms of the Franchise Agreement (together with its schedules and exhibits) are binding (subject to state law). Any representations or promises outside of this disclosure document and the Franchise Agreement may not be enforceable.

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
v. Choice of forum	Section 14.(g)	Litigation must be brought in the federal court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts), subject to state law. If the federal court lacks jurisdiction, then such litigation must be brought in the state court nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the parties. However, we may seek injunctive relief in any jurisdiction that has jurisdiction over you.
w. Choice of law	Section 14.(g)	Massachusetts law generally applies, except for issues under the U.S. Trademark Act (subject to applicable state law).

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

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

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

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2023 to 2025¹**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	160	146	-14
	2024	146	136	-10
	2025	136	127	-9
Company-Owned	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	160	146	-14
	2024	146	136	-10
	2025	136	127²	-9

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

² During the time period between January 1, 2026 and February 28, 2026, 3 Knights Inn Hotels were terminated.

**TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR)
FOR THE YEARS 2023 to 2025¹**

State	Year	Number of Transfers
Florida	2023	1
	2024	0
	2025	1
Georgia	2023	1
	2024	0
	2025	0
Indiana	2023	2
	2024	0
	2025	0
Kansas	2023	0
	2024	0
	2025	1
Louisiana	2023	0
	2024	0
	2025	1

State	Year	Number of Transfers
Michigan	2023	1
	2024	0
	2025	1
Missouri	2023	0
	2024	1
	2025	0
North Carolina	2023	1
	2024	0
	2025	1
Oklahoma	2023	0
	2024	1
	2025	0
Pennsylvania	2023	0
	2024	0
	2025	2
South Carolina	2023	0
	2024	0
	2025	1
Tennessee	2023	3
	2024	0
	2025	1
Washington	2023	1
	2024	0
	2025	0
Total Outlets	2023	10
	2024	2
	2025	9

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

**TABLE NO. 3
STATUS OF FRANCHISED OUTLETS
FOR YEARS 2023 to 2025¹**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Arizona	2023	6	0	1	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1 ²	0

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
California	2023	4	0	0	0	0	0	4
	2024	4	0	0	2	0	0	2
	2025	2	0	0	0	0	0	2
Florida	2023	10	0	1	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	0	9
Georgia	2023	9	0	0	1	0	0	8
	2024	8	0	0	0	0	0	8
	2025	8	0	0	0	0	1	7
Illinois	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Indiana	2023	7	0	0	0	0	0	7
	2024	7	0	1	0	0	1	5
	2025	5	0	0	0	0	0	5
Kansas	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	1	0	1 ²	2
Kentucky	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	1	1
Louisiana	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Maryland	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Massachusetts	2023	5	0	0	1	0	0	4
	2024	4	0	0	0	0	1	3
	2025	3	0	0	0	0	0	3
Michigan	2023	9	0	0	0	0	0	9
	2024	9	0	0	0	0	0	9
	2025	9	0	0	0	0	1	8
Minnesota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
Mississippi	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Missouri	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	0	4
Nebraska	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
New Jersey	2023	4	0	0	0	0	0	4
	2024	4	0	0	1	0	0	3
	2025	3	0	0	0	0	0	3
New Mexico	2023	2	0	0	0	0	0	2
	2024	2	0	0	1	0	0	1
	2025	1	0	0	0	0	0	1
New York	2023	6	0	0	1	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	0	0	0	5
North Carolina	2023	7	0	0	0	0	0	7
	2024	7	0	0	0	0	1	6
	2025	6	1	0	0	0	0	7
North Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Ohio	2023	6	0	0	1	0	0	5
	2024	5	0	1	0	0	0	4
	2025	4	0	0	0	0	0	4
Oklahoma	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Oregon	2023	4	0	1	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Pennsylvania	2023	10	0	0	0	0	0	10
	2024	10	2	0	0	0	0	12
	2025	12	1	0	0	0	0	13

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations -Other Reasons	Outlets at End of the Year
South Carolina	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	0	5
	2025	5	0	0	1	0	1	3
South Dakota	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	1	0	0	0	0
Tennessee	2023	10	0	0	0	0	0	10
	2024	10	0	1	0	0	0	9
	2025	9	0	0	0	0	1	8
Texas	2023	17	0	1	1	0	0	15
	2024	15	1	0	0	0	1 ²	15
	2025	15	0	0	0	0	0	15
Utah	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	1 ²	0
Virginia	2023	11	0	1	1	0	0	9
	2024	9	0	0	1	0	0	8
	2025	8	0	0	0	0	0	8
Washington	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
West Virginia	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	1 ²	1
	2025	1	0	0	0	0	0	1
Wisconsin	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Wyoming	2023	1	0	1	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Total	2023	160	0	8	6	0	0	146
	2024	146	3	3	5	0	5	136
	2025	136	2	2	2	0	7	127³

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

² This location transitioned to an ABVI hotel.

³ During the time period between January 1, 2026 and February 28, 2026, 3 Knights Inn Hotels were terminated.

**TABLE NO. 4
STATUS OF COMPANY-OWNED OUTLETS
FOR YEARS 2023 TO 2025¹**

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

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

**TABLE NO. 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2025 FOR 2026**

State	Franchise Agreements Signed But Outlets Not Opened	Projected New Franchisee Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets In The Next Fiscal Year
Connecticut	1	0	0
Georgia	0	1	0
Indiana	0	1	0
Virginia	1	0	0
Total	2	2	0

A list of the names, addresses and telephone numbers of all current Franchisees as of December 31, 2025, is attached as Exhibit G to this disclosure document. A list of the names, city, state and telephone number of franchisees who have had a franchise agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, or who have not communicated with us within 10 weeks of the issuance date of this disclosure document is attached as Exhibit H to this disclosure document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the franchise system.

Confidentiality Clauses

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

Trademark-Specific Franchisee Organizations

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

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E to this disclosure document are the audited consolidated financial statements of our parent, RLHC and its subsidiaries, consisting of the consolidated balance sheets of RLHC as of December 31, 2025 and December 31, 2024, and the related consolidated

statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2025.

SRLHF is a wholly-owned subsidiary of RLHC, and RLHC absolutely and unconditionally guarantees to assume the duties and obligations of SRLHF under the Franchise Agreements entered into while SRLHF is an affiliate of RLHC. A copy of the RLHC guaranty is attached as Exhibit F to this disclosure document. Our and RLHC's fiscal years end on December 31.

ITEM 22. CONTRACTS

The following contracts are exhibits to this disclosure document:

Exhibit B	Franchise Agreement
Exhibit D	Representations and Acknowledgment Statement
Exhibit I	Sample General Release
Exhibit J	Consent to Transfer
Exhibit K	State Addenda and Agreement Riders

ITEM 23. RECEIPTS

Exhibit L contains detachable documents acknowledging your receipt of the disclosure document.

EXHIBIT A

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

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

CALIFORNIA

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

Los Angeles

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

Sacramento

651 Bannon Street, Suite 300
Sacramento, California 95811
(916) 445-7205

San Diego

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

San Francisco

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

HAWAII

(state administrator)

Commissioner of Securities
State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division – Securities
Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(844) 808-3222

(agent for service of process)

Commissioner of Securities
State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division – Securities
Compliance Branch
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(844) 808-3222

ILLINOIS

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

INDIANA

(state administrator)

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E111
Indianapolis, Indiana 46204
(317) 232-6681

(agent for service of process)

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

MARYLAND

(state administrator)

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

(agent for service of process)

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

MICHIGAN

(state administrator)

Michigan Attorney General's Office
Corporate Oversight Division
Attn: Franchise Section
G. Mennen Williams Building, 5th Floor
525 West Ottawa Street
Lansing, Michigan 48913
(517) 335-7567

(agent for service of process)

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

MINNESOTA

(state administrator)

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

(agent for service of process)

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

NEW YORK

(state administrator)

New York State Department of Law Investor
Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

(agent for service of process)

Secretary of State of New York
99 Washington Avenue
Albany, NY 12231
(518) 473-2492

NORTH DAKOTA

(state administrator)

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

(agent for service of process)

Insurance Commissioner
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

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

RHODE ISLAND

Department of Business Regulation
Division of Securities
John O. Pastore Complex Building 69-1
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 462-9645

SOUTH DAKOTA

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

VIRGINIA

(state administrator)

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

(agent for service of process)

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

WASHINGTON

(state administrator)

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

(agent for service of process)

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

WISCONSIN

(state administrator)

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

(agent for service of process)

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

EXHIBIT B
FRANCHISE AGREEMENT

KNIGHTS INN® FRANCHISE AGREEMENT

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

1. **Grant of License.**

(a) **Service Mark Designation.** Subject to the license granted in this Agreement, you will operate the Hotel located at the Premises under the Knights Inn brand (the “**Brand**”) indicated on Exhibit A.

(b) **Brand.** We and our affiliates own a special system related to the operations, marketing, and distribution of information pertaining to hotels under the Brand (“**Brand Hotels**”). Owners of Brand Hotels are known as “**Brand Franchisees**.”

(c) **Grant of License.** We grant you the right, and you undertake the obligation, to operate your Hotel and to use the Marks (defined in Section 9.(a)), Confidential Information (defined in Section 9.(c)), and Brand Standards (defined in Section 6.(c)) as authorized under this Agreement during the Term (the “**License**”). The “**Term**” commences on the Effective Date and expires three (3) years from the date you open your Hotel in accordance with the terms of this Agreement (the “**Opening Date**”). The License applies only to your Hotel located at the Premises. The License is non-exclusive, non-transferable, and non-sublicensable. It does not cover any bar, restaurant, or other facility at the Premises unless separately approved by us in writing. You may not use “Knights Inn,” “KNI,” or any other variation of the Brand in your Entity (defined in Section 13.(b)) name, in an Internet domain name, website, email address, social media account, username, other online presence or presence on any electronic medium of any kind.

(d) **Renewal.** The Term will automatically renew for up to three additional three-year periods (each included in the definition of “**Term**”) if: (i) neither party gives at least 90 days’ prior written notice of intent not to renew to the other party; (ii) you are not in default under this Agreement, any related agreement, or any supplier or vendor agreement; (iii) at least 60 days before expiration, you complete all maintenance, refurbishing, renovation, and upgrades we require to meet then-current Brand Standards (defined in Section 6.(c)) and any applicable PIP (defined in Section 2.(i)); (iv) you remain lawfully entitled to use and occupy the Premises for the following successor term; (v) you have not received four (4) or more default notices during the Term; and (vi) you pay us a renewal fee of \$5,000. Upon renewal, we may require you to sign our then-current form of franchise agreement and for you and your owners to deliver a general release, in a form satisfactory to us, of all claims against us and our affiliates.

(e) **No Exclusivity; Reservation of Rights.** You are not granted any exclusive rights or territorial protection around your Hotel. We and our affiliates may, at any time and anywhere in the world, engage in any activities not expressly granted to you under this Agreement, whether they compete with your Hotel or not. This includes the right to: (1) establish and operate, or allow others to establish and operate, Brand Hotels at any location on any terms we deem appropriate; (2) establish, operate, or license others to operate hotels or other businesses under any Network Marks (defined in Section 9.(d)) or other marks offering similar products or services anywhere in the world; (3) purchase, merge, acquire, be acquired, or affiliate with other franchise systems or businesses, and operate or license them under the Marks or any other marks; (4) sell or transfer ownership interests, assets, the Marks, or the Brand; engage in public offerings, private placements, mergers, acquisitions, or any financial restructurings; and (5) engage in all other activities not expressly prohibited by this Agreement.

2. **Fees.** All fees paid to us under this Agreement are fully earned upon payment and are non-refundable, except as expressly stated otherwise herein. You will pay us the following fees:

(a) **Initial Fee.** You must pay us at the time of your execution of this Agreement a non-refundable initial fee equal to the sum of (x) \$17,500, plus (y) the product of \$150 times the number of Guest Rooms (defined in Section 2.(b)) in excess of 50 (the “**Initial Fee**”). The Initial Fee must be paid to us by cashier’s check, bank certified check, wire transfer, ACH, or credit card.

(b) **Brand Fee.** You will pay us a monthly Brand fee (“**Brand Fee**”) equal to \$45 per Guest Room, subject to a minimum monthly Brand Fee of \$1,800. The Brand Fee is subject to change under Section 2.(l). “**Guest Rooms**” means transient hotel rooms located at the Hotel and is not dependent upon occupancy of the hotel rooms.

(c) **Revenue Management Insights Fee.** The Revenue Management Insights Fee covers your participation in Revenue Management Insights, which is optional for Brand Franchisees. If you participate, you will pay us a non-refundable fee of \$145 per month (the “**Revenue Management Insights Fee**”), which is subject to change under Section 2.(l).

(d) **Operations Insights Fee.** You will pay us a non-refundable fee of \$75 per month (the “**Operations Insights Fee**”), which is subject to change under Section 2.(l), for your required participation in our Operations Insights program.

(e) **PMS-to-CRS Enhanced Connectivity Fee.** You will pay us a non-refundable aggregate monthly fee of \$99 (the “**PMS-to-CRS Enhanced Connectivity Fee**”) to connect your property management system (“**PMS**”) to our central reservation system (“**CRS**”), which amount is subject to change under Section 2.(l).

(f) **Conference Fee.** If we choose to hold a Brand Conference (defined in Section 4.(d)) in-person, you will pay us a conference fee of \$250 per month (the “**Conference Fee**”). The Conference Fee covers the attendance for one person at the Brand Conference. If you are permitted to send additional attendees, you will be required to pay an additional \$795 per attendee prior to their attendance. The Conference Fee is subject to change under Section 2.(l). You will also be responsible for the travel costs and expenses for your attendees.

(g) **Onboarding Administration Fee.** You will pay us an onboarding administration fee of \$1,000 for onboarding services we provide to you in connection with the opening of your Hotel. This fee is due during or immediately after the onboarding process.

(h) **Initial Brand Training Fee.** In connection with your initial brand training obligations under Section 4.(b) below, you must pay us our initial brand training fee, which is \$1,500 as of the Effective Date. If initial brand training is held in person, you must also reimburse us for our personnel's travel, meals, and lodging expenses. You are also responsible for all expenses incurred by you and your employees in attending the training.

(i) **Property Improvement Plan Fees.** In connection with our quality assurance inspections of your Hotel and issuance of any property improvement plan (“**PIP**”), and if applicable, reinspection following a failed PIP inspection, you will pay us our then-current PIP fee (up to \$5,000 as of the Effective Date). The PIP fee is subject to change under Section 2.(l).

(j) **Quality Assurance Inspection Program Fees.** You must participate in all required quality assurance and guest satisfaction programs and maintain minimum performance standards established under the Brand Standards. These programs may be administered by us, our affiliates, or agents. We (or they) may inspect your Hotel to evaluate compliance, with an initial inspection cost of up to \$2,500. Inspection results will be provided in a written and numerical report to you and to us, and you must write off the inspector's folio charges. If your Hotel's score is below acceptable levels, we may require re-inspections—up to \$4,000 for the first and up to \$5,000 for each subsequent inspection—and you must reimburse all related travel and meal expenses. A \$5,000 remediation inspection fee may apply if guest satisfaction issues require follow-up. We may waive an inspection based on prior performance, but if you request one, you must pay the initial fee. Inspection frequency and methodology may change, and fees may change under Section 2.(l).

(k) **Third-Party Fees.** Notwithstanding the foregoing, we may periodically require you to pay us fees due from you to third parties, which we will collect on behalf of such third parties and remit to such third parties.

(l) **Fee Adjustments.** We may, at our discretion, increase any fees no more than once per calendar year by the greater of: (i) 10% annually on a compounding basis regardless of whether we exercise such adjustment in any calendar year, or (ii) the percentage change in the Consumer Price Index (CPI) from the Effective Date to the date of the fee adjustment, without reference to any prior fee adjustment (“**Fee Adjustment**”), if any. “**CPI**” means the National Consumer Price Index – All Urban Consumers (1982–1984 = 100), or a comparable index we reasonably designate if the CPI is discontinued.

(m) **Other Fees/Rename Programs.** You must pay all additional fees specified in this Agreement, the Brand Manual (defined in Section 4.(c)), or as otherwise provided to you in writing. We may, in our sole but reasonable discretion, rename, add, remove, or modify programs and related fees for the Brand or other services as described in this Agreement, the Brand Manual or otherwise provided to you in writing. If you request extraordinary services, such as amendments (including those caused by your actions or inaction), lender comfort letters, or other non-routine documents, you must pay an administrative fee (currently \$2,000 per lender comfort letter and up to \$2,500

per amendment or other document), plus any additional costs we incur, including reasonable attorneys' fees. These fees may change under Section 2.(l).

3. **Payments.**

(a) **Billing Start Date.** Unless otherwise stated, Brand Fee payments begin on the Opening Date and are due on the 15th day of each month for the fees accrued in the preceding month. All other fees and commissions are payable when incurred, regardless of the Opening Date. Payments to us or our designees are not suspended for any business interruptions, regardless of cause. If this Agreement is executed in connection with acquiring an existing Brand Hotel, Brand Fee payments begin on the acquisition date, and you are responsible for all booking and transaction fees for reservations consumed from that date.

(b) **Payment System.** Unless otherwise directed, all payments to us or our affiliates must be made via recurring electronic funds transfer ("**Recurring EFT**"). You must authorize and maintain Recurring EFT, keep payment information and accounts current with sufficient funds to cover all fees under this Agreement, and not alter or close such accounts without our written approval. If another payment method is permitted, we may charge an alternative payment fee, subject to change. We may modify the required payment method with 30 days' notice. Payments are not suspended for business interruptions, and all amounts must be in U.S. dollars unless we specify otherwise.

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

(d) **Late Charges.** If any payment under this Agreement or related agreements is overdue, you must pay a late charge equal to the lesser of 1.5% per month of the overdue amount or the maximum legal rate.

(e) **Taxes.** If any gross receipts, sales, use, excise, or similar tax on gross income or revenue is imposed on payments you make under this Agreement, you must reimburse us for the tax. Payments under this Section must be increased so that the net amount we retain, after such taxes, equals the full amount due under this Agreement.

(f) **Booking Fees and Commissions.** You are responsible for all booking fees, reservation fees, and commissions related to your Hotel, whether paid directly to third parties or advanced by us. You must pay all such fees timely. Current fees are summarized in Schedule 3.(f) and are subject to change under Section 2.(l).

4. **Training and Assistance.**

(a) **Central Reservation System.** We will provide access to the brand-designated CRS. The Hotel may not use any other reservation system, booking engine, or unapproved distribution technology. Before the Opening Date, you must provide us with information to build your Hotel into the CRS. Upon termination or expiration, we may stop accepting reservations for stays on or after that date. We may change, modify, or discontinue the CRS at any time.

(b) **Brand Training.** Before opening or within 90 days of activation in our system, your general manager or equivalent, such as your owner ("**Hotel Representative**"), must complete initial brand training to our satisfaction. Training will be virtual or at a location we designate, typically up to four days, and may include additional attendees if space allows. You will pay the initial training fee, as provided in Section 2.(h), plus travel, lodging, wages, and insurance for attendees. Training covers brand culture, brand programs, marketing, and sales. Verification of successful completion is required. Additional training may be requested at our then-current fees. We and you will jointly determine the duration of the additional training. If additional training is not requested in writing at the end of initial training, the Hotel Representative will be deemed sufficiently trained. Failure to complete training satisfactorily may result in termination of this Agreement. We may also require that you and your Hotel Representative complete periodic training courses, including third-party programs, with current fees of \$2,000 per day (on-site) or \$200 per hour (virtual), not exceeding two courses or three business days per year. The additional training requirements are in addition to your requirements under Section 4.(d). All additional training and conferences may be virtual and will be limited to five days per calendar year. If a trained Hotel Representative leaves, a new representative must complete initial training at our then-current fees, and you must pay all travel and living expenses. Ongoing training or advice may be modified or discontinued at our discretion, and attendees may be required to sign confidentiality agreements. You will also have access to our IT Help Desk for support with one email account we provide and our owner's information portal.

(c) **Brand Manual.** During the Term, we will provide one or more documents or guides commonly referred to as the brand standards manual together with supporting documentation (collectively, the "**Brand Manual**"). The

Brand Manual may include the Brand Standards and information on suggested procedures and your other obligations under this Agreement. We may change the Brand Manual periodically and may provide the Brand Manual in an electronic medium, via website download.

(d) **Virtual Brand Conference.** We will convene a virtual Brand conference (the “**Brand Conference**”) at least every 24 months for networking and education, and you will be required to attend. If we decide to convene the Brand Conference in-person and all Conference Fees are paid, one representative may attend at no additional registration fee. You are responsible for your attendees’ travel, lodging, certain meals, other expenses, and registration fees for additional attendees.

(e) **Marketing.** Periodically, your Hotel may be included in (i) national or regional group advertising of some or all Brand Hotels, and (ii) international, national and regional market programs offered by us subject to and in accordance with our general practice for Brand Hotels. We may modify references to the Hotel address to help optimize marketing programs and opportunities; provided, however, if there is a significant change in a reference to your Hotel’s address, we will confer with you but have sole discretion in how your Hotel’s address is referenced. We may pay for various expenses and programs that, in our view, benefit the Network Hotels (defined below), including global sales, but we are not obligated to do so. We may enter into arrangements for development, marketing, operations, administrative, technical and support functions, facilities, programs, services or personnel with any other entity, including our affiliates. Expenditures are intended for the benefit of Network Hotels.

(f) **Approved Products, Services, and Suppliers.** We and our affiliates may set and update standards for furniture, fixtures, equipment, products, and services used at your Hotel. We may designate or approve vendors, manufacturers, suppliers, and distributors (“**vendors**”), and you must purchase required goods and services according to our standards and from approved vendors when specified. Purchases may be concentrated to achieve lower prices, better support, or other benefits. We and/or our affiliates may collect fees for goods/services on your behalf via auto-debit, using the same authorization as for Brand Fees and other fees. We and affiliates may derive revenue, such as rebates, from such transactions without restriction. If you wish to use unapproved goods, services, or vendors, you must request our written approval and provide requested specifications or samples. We may condition our approval of any vendor in any manner that we prescribe, including that such vendor must attend our brand conference and enter into our then-applicable vendor agreement. Approvals may be conditional, temporary, or revoked at our discretion, and you must stop using disapproved goods, services, or vendors promptly. Vendors may share your purchase data with us to support compliance and discount programs, and you must cooperate with information exchange. You may also be required to enter agreements with designated suppliers/vendors, which you cannot amend and which may change without notice.

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

(g) **Loyalty Program.** We and our affiliates may administer and manage loyalty programs that will provide participating guests of your Hotel with certain rewards or benefits when staying at your Hotel. Such loyalty programs may apply specifically for the Brand or any or all of the Network Hotels. As of the Effective Date, Brand Franchisees do not participate in a loyalty program, but if we administer one in the future you must participate.

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

(i) **Duties Solely to You; Delegation of Duties.** All obligations we owe under this Agreement are owed solely to you. No other party may rely on, enforce, or claim relief for a breach of these obligations, either directly or by subrogation. You acknowledge that we may delegate any portion or all of our obligations to third-party designees, including our current or future owners, subsidiaries, affiliates, agents, or independent contractors.

5. **Websites and Internet Marketing.** You may not register, own, maintain, or use any domain name, website, email address, social media account, or other online presence (collectively, “**Online Presence**”) related to the Brand, your Hotel, or any Network Marks without our prior written approval. Brand Franchisees are prohibited from maintaining independent or vanity online presences, and you may not list your Hotel’s details on third-party sites, including OTAs, without approval. Any Online Presence you establish must comply with Brand Standards, our guidelines, and applicable privacy policies. We may withhold, withdraw, or modify approval at any time, and these restrictions survive the expiration or termination of this Agreement. We retain the right to pre-approve linking or

framing of your content and to determine the content and use of all media associated with the Marks. You may not post third-party material without proper rights or licenses, and you must include any information we require to protect the Marks. We own all Online Presences, and you must grant us access and take any actions necessary to confirm or transfer ownership or administrative rights. Upon termination of this Agreement, you must assign and transfer all rights, registrations, and domain names containing Network Marks to us, notify registrars of your loss of rights, and remove all references to the Marks from other Online Presences you control. If approved, your Hotel's informational web pages may be linked from the Brand's website at your expense. All use of Online Presences, including social media, must comply with our Brand Standards, content and communication guidelines, and naming conventions. Social media pages require our approval, must be linked to the Brand's official pages, and may be removed if they fail to comply with our requirements.

6. **Your Duties.**

(a) **Hotel Development.** If you are converting an existing hotel into a Brand Hotel, you will execute the Conversion Rider, attached hereto as Exhibit C-1, simultaneously with this Agreement. If you are constructing a new Brand Hotel, you will execute the New Construction Rider, attached hereto as Exhibit C-2, simultaneously with this Agreement

(b) **Conditions Precedent to Opening.** You may not open your Hotel until: (i) we provide written confirmation that your Hotel meets Brand Standards and specifications; (ii) you have obtained all required licenses and permits, and completed training (unless otherwise agreed); (iii) you have hired and trained staff; fulfilled all development obligations specified in Exhibit C-1 or Exhibit C-2, as applicable and we approve your Renovation Work (defined in Exhibit C-1) or Construction Work (defined in Exhibit C-2), as applicable; (iv) you have provided information for representation in distribution channels; (v) paid the Initial Fee and other amounts due; (vi) you have submitted all required documentation (including insurance certificates); and (vii) satisfied any other conditions that we reasonably impose. You must open the Hotel for business no later than the date specified on Exhibit A (the "**Required Opening Date**"), or, if acquiring an existing Brand Hotel, upon acquisition of the Hotel. Opening the Hotel under the Marks without authorization is a material breach and constitutes unauthorized use of the Marks, and in such case, you agree to pay \$5,000 per day as liquidated damages for harm to the Marks, plus reimburse our costs, including attorneys' fees, in enforcing our rights, without limiting other remedies.

(c) **Operational Requirements.** You must operate your Hotel in conformity with our mandatory specifications, standards, operating procedures, and rules that we periodically prescribe for constructing, equipping, furnishing, supplying, operating, maintaining and marketing Brand Hotels (collectively, the "**Brand Standards**"). You must participate in any loyalty programs, pay associated fees, provide guest discounts, and continuously operate the Hotel throughout the Term. You must participate in all distribution channels we designate, maintain inventory and price parity, and authorize us to enter into agreements with distribution channels on your behalf. Hotel descriptions and amenities, including those related to accessibility, must remain accurate in the CRS, Online Presence, and third-party channels. You must participate in quality assurance and customer satisfaction programs. We may update or revise the Brand Standards at any time; compliance with the then-current version is mandatory. We may grant site-specific variations, but you are not entitled to similar exceptions. You agree not to use or permit the use of the Premises for any purpose other than operating the Hotel. You may not use any trademarks or service marks other than the Marks in connection with your Hotel, unless as otherwise designated by us. You must connect to all third parties through our CRS unless no interface exists (direct PMS connections are prohibited) and maintain rates and inventory in the CRS on a rolling 12-month basis. If not maintained, we will provide seven days' notice, after which we may extend inventory and rates on your behalf. A \$250 fee applies on the first notice; additional fees may apply for repeated failures. Assistance with CRS updates is available for \$150 per occurrence. Fees are subject to change under [Section 2.\(l\)](#).

(d) **Property Management System.** Before commencing operation of your Hotel, you must install the Brand-designated PMS and may not use any other PMS. All OTAs and distribution channels must connect to our CRS via the PMS unless we approve otherwise. The PMS must provide full two-way connectivity with our CRS. You will pay a one-time reservation implementation fee. If the Brand-designated PMS changes, you may need to acquire new or updated hardware, software, or PMS. The PMS must provide us with real-time, read-only cloud or web access, and you must assist in enabling this access at your expense. We may use data from the PMS or CRS for any lawful purpose, in compliance with applicable laws and our privacy policy. All reservations, no-shows, and cancellations must be processed through the PMS; failure to do so is a material breach of this Agreement. The PMS and merchant

processor must use approved tokenization. You acknowledge that we are not responsible for any downtime or failure of third-party software, hardware, or services and agree to hold us harmless regarding the same.

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

(f) **Compliance with Laws, Rules and Regulations.** You must comply with all applicable federal, state, and local laws, rules, and regulations. Except as required by government orders, you may not close the Hotel without our prior written consent and must obtain, maintain, and renew all permits, licenses, and certificates required to operate the Hotel. You must comply with the Americans with Disabilities Act (“**ADA**”) where applicable and, before the Opening Date and as we otherwise specify, certify ADA compliance through an approved professional. You must promptly provide us with any notices or correspondence regarding alleged legal violations, audits, investigations, or similar proceedings involving your Hotel. Our assistance, guidance, standards, or requirements shall not constitute a representation or warranty regarding your Hotel’s compliance with applicable federal, state, and local laws, rules, and regulations.

(g) **Information Security.** You may have access to information that can be used to identify an individual, such as names, addresses, employee identification numbers, signatures, and credit card information (“**Personal Information**”). You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. All such Personal Information (except Restricted Data, defined below) is our Confidential Information and subject to Section 9.(c). During and after the Term, you and your personnel must process, retain, use, collect, and disclose Personal Information only in compliance with applicable laws, regulations, guidance, industry codes, and privacy policies, and assist us in meeting compliance obligations. If you become aware of a suspected or actual breach or unauthorized access, you must notify us immediately, follow our instructions for remediation, and report any complaints or notices related to Personal Information. We may audit your systems to ensure compliance. “Restricted Data”, which includes Personal Information of your employees, contractors, or other personnel (or any data we designate), remains your sole responsibility, and you must protect it in accordance with applicable laws and regulations. We are the data controller of any Personal Information we share with you, which remains Confidential Information and may not be shared without our written authorization.

(h) **Insurance.** During the Term, you must, at your sole expense, maintain commercial general liability (CGL) insurance; liquor liability insurance (if you distribute, sell, serve, or furnish alcoholic beverages); automobile liability insurance; garage-keepers’ liability insurance; umbrella or excess liability insurance; property/all-risk insurance and contents insurance (or builder’s risk during construction); boiler and machinery insurance; business interruption insurance; workers’ compensation insurance; and cyber liability insurance (collectively, the “**Required Insurance**”). We recommend that you also maintain crime insurance and employment practices liability insurance. All Required Insurance must meet our written specifications as to type and amounts of coverage, as periodically updated. These requirements are in addition to any insurance required by law or by your landlord, mortgagee, or others. Each insurance policy must: (i) be issued by a carrier rated “A” or better by A.M. Best (or a comparable publication); (ii) to the extent legally permissible, name us, our affiliates, and our and their respective officers, directors, and employees as additional insureds and loss payees for all liability coverages; (iii) provide that coverage is primary and our insurance is excess and non-contributory; and (iv) provide coverage to us and our affiliates that is fully coextensive with the coverage afforded to you, with any limiting language deemed deleted as to us. We may periodically change required coverage limits and require additional or different insurance, including excess liability insurance. Blanket policies are acceptable if they otherwise meet our requirements. Our insurance requirements are minimums only and are not representations or warranties of sufficiency. You are solely responsible for determining and obtaining the insurance you deem appropriate, and we are not responsible for any losses exceeding your coverage. No insurance maintained by you or any other party substitutes for your indemnification obligations under this Agreement.

Within 10 days after the Effective Date, and in any event prior to opening your Hotel as a Brand Hotel, you must provide certificates of Required Insurance demonstrating compliance with these requirements. Each certificate must state that policies may not be canceled without at least 30 days’ prior written notice to us. Upon request, you must provide copies of all policies and proof of payment and must deliver renewal certificates at least 10 days before each renewal date. If you fail to procure or maintain the Required Insurance, we may (but are not obligated to) obtain such Required Insurance on your behalf. We may obtain less than the required amounts and will not be liable

if such coverage is insufficient. You must immediately reimburse us for all costs plus a reasonable administrative fee (currently \$500 per month). Our procurement of insurance on your behalf does not limit your obligations to maintain the Required Insurance, affect your indemnity obligations, or waive any remedies available to us for your default.

(i) **Guest Relations.** You and your staff must treat guests and the public with courtesy, promptly addressing complaints. We will notify you of any complaint by e-mail, and you have five days to respond with an explanation and proposed resolution. If we disagree, we may handle the complaint on your behalf. Fees for complaints are \$25 each, increasing to \$75 if unresolved within 48 hours, and \$125 plus resolution costs if we must intervene. Repeated complaints may lead to suspension or termination under Section 11.(a).

(j) **Online Review Response Program.** If you fail to respond to a negative online review within 72 hours, we or our designee may respond on your behalf, and you will pay \$39 to \$150 per response. Fees may increase based on frequency, nature of reviews, and your responsiveness. Repeated negative reviews may lead to suspension or termination under Section 11.(a).

(k) **Local Marketing.** You must submit all local marketing, advertising, promotional materials, and Online Presence for our approval, unless already approved or provided by us. Materials are considered disapproved if we do not respond within 10 business days. All materials using the Marks must include the proper designation (SM, ™, ®, ©, or as specified). If we determine any materials may harm the Brand, you must discontinue their use within five days of notice.

(l) **Products and Services the Hotel Offers.** You agree to (i) offer and sell from your Hotel the products and services that we periodically specify or otherwise authorize; (ii) not offer or sell at your Hotel or elsewhere any products or services we have not authorized; and (iii) discontinue selling and offering for sale any products or services that we at any time disapprove.

(m) **STR Reporting Requirement.** You will report monthly your rooms sold and designated revenue information, as designated by us, to STR (formerly Smith Travel Research).

(n) **Professional Photography.** You must hire a professional photographer to photograph your Hotel before opening. If significant renovations or PIP-related improvements occur, we may require additional professional photography, approved by us and at your expense. Unless directed otherwise, photography fees will be paid to us.

7. **Inspections and Audits.**

(a) **Our Right to Inspect your Hotel.** We and our representatives may, at any time and without notice, inspect your Hotel, photograph, or record operations (both audio and video), take product samples, review technology systems, interview staff and customers, and conduct mystery-shopper or quality inspections, the costs of which you must reimburse. You must cooperate fully, present evaluation forms to customers, participate in surveys, and obtain all third-party consents required as part of our inspection. Compliance with Brand Standards is unconditional, and we may enforce them as we deem necessary. You must reimburse our personnel's travel and meal expenses and provide up to two nights' free accommodation for inspections, except for reinspection caused by denied access, which require full accommodation.

(b) **Our Right to Audit.** We and our representatives may, during business hours and without prior notice, examine your Hotel, records, tax returns, and other documentation, either on-site or remotely. You and your staff must fully cooperate with us.

8. **Records, Reports, and Financial Statements.** You must maintain, at your expense, a bookkeeping, accounting, and recordkeeping system in the formats we prescribe. You must provide: (i) within 60 days after each fiscal year, a balance sheet and profit and loss statement in accordance with generally accepted accounting principles, which we may require to be audited by a designated independent accounting firm; (ii) within 10 days of request, copies of federal and state tax returns, sales tax returns, and other designated records; (iii) your guarantors' financial information as requested; and (iv) any other reports or information we request. We may disclose data from these reports, including for franchise disclosure purposes, and may access your systems as often as we deem appropriate. You must securely preserve all records for seven years, or longer if required by law.

9. **Marks; Confidential Information.**

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

(b) **Your Use of the Marks.** You will (i) use the Marks only in connection with operating the Hotel at the Premises; (ii) use the Marks as the sole service mark identifications for the Hotel and display them prominently on all materials we designate, and only in the manner we prescribe; (iii) not use the Marks as security or otherwise encumber them; (iv) not use the Marks as part of your Entity name; (v) not use or attempt to register any trademarks, service marks, or other commercial symbols that are the same as or similar to the Marks, including phonetic or graphic variations; (vi) comply with our instructions regarding all fictitious, trade, or assumed-name filings and execute documents we reasonably require to protect the Marks and our interests; and (vii) use the Marks with appropriate care and do nothing injurious to the Marks.

Any unauthorized or non-compliant use of the Marks constitutes infringement. During and after the Term, you will not, directly or indirectly, infringe, contest, or assist in contesting the validity of the Marks or our rights in them, or take any action that derogates from those rights. You must promptly notify us in writing of any claim, challenge, or suspected infringement involving the Marks. If we determine that any Mark should be modified, discontinued, or replaced, you will implement the change at your sole expense within 30 days of our request. Except for the rights expressly granted in this Agreement, you have no ownership or other rights in the Marks. We (or our licensor) own the Marks, and all goodwill arising from their use and from the Hotel inures exclusively to us (or our licensor).

(c) **Confidential Information.** You will operate your Hotel in accordance with the Brand Standards, including the Brand Manual, which are an integral part of this Agreement. You, your owners, and personnel may have access to “**Confidential Information**”, which includes: (i) site selection criteria; (ii) training and operations materials; (iii) Brand Standards, systems, procedures, techniques, and marketing knowledge; (iv) market research and promotional programs; (v) specifications and suppliers of furniture, fixtures, equipment, products, and supplies; (vi) proprietary software, hardware, technology, passwords, source code, and related data; (vii) operating results of other Brand Hotels; and (viii) customer data. All Confidential Information is proprietary, must be held strictly confidential, and used only for operating your Hotel. Disclosure is limited to employees or contractors with a need to know and under confidentiality obligations no less restrictive than yours, or to others authorized by us. You acquire no ownership rights except as expressly permitted. You must implement reasonable security measures and may be required to have employees, agents, or contractors sign non-disclosure agreements with us as third-party beneficiaries. You are responsible for ensuring their adequacy and enforceability.

Confidential Information does not include Restricted Data, information you lawfully knew before disclosure, information already generally known at disclosure, or information that later lawfully becomes generally known. We are the sole owner of all Brand Standards and Confidential Information. All developments, derivative works, enhancements, or modifications by you, your employees, or contractors (collectively, “**Innovations**”) are owned solely by us. Your employees and contractors must assign rights in Innovations to you and you agree to assign any rights to us. You must execute documents and take all actions we reasonably request to perfect ownership, continuing beyond the Term. If you fail to sign required documents, you irrevocably appoint us as your agent and attorney-in-fact to act on your behalf. These obligations survive expiration or termination of this Agreement.

(d) **Network Hotels.** “Network Marks” refers to each of the following brands, and their various extensions: The James®, Sonesta® Hotels and Resorts, Royal Sonesta®, Hotel RL®, MOD Collection By SonestaSM, Sonesta ES Suites®, Sonesta® Simply Suites, Sonesta® Select Hotels, Sonesta Essential HotelsSM, Red Lion Hotels By SonestaSM, Red Lion Inn & Suites By SonestaSM, Lexington®, Jameson Inn®, Americas Best Value Inn By SonestaSM, Americas Best Value Studios By SonestaSM, Country Hearth Inn®, SignatureSM, Signature Inn By SonestaSM, GuestHouse®, GuestHouse Extended StaySM, Canadas Best Value InnSM, America’s Best Inn®, Knights Inn® and any other brands that we or our affiliates own, license, create or acquire from time to time. The hotels that we, our affiliates, and our and their franchisees or licensees operate under the Network Marks, and such other hotels as we may integrate into our global sales distribution and customer reservation system and other systems, are collectively referred to as the “**Network Hotels.**”

10. **Transfers.**

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

(b) **Transfer by You.** Except as expressly permitted herein, you (and your owners, if you are an Entity) may not sell, encumber, pledge, mortgage, assign, or otherwise transfer this Agreement, your Hotel, your ownership interests, or substantially all of the Hotel’s assets without our prior consent (each a “**Transfer**”). Any unauthorized

Transfer is null, void, has no effect, and is a material breach of this Agreement. If you (and your owners) are in compliance with this Agreement, we will not unreasonably withhold consent to a proposed Transfer if the following are met: (i) all amounts owed to us, our affiliates and required third parties are not outstanding; (ii) there are no defaults under this Agreement or related agreements; (iii) your (and your owners') execution of a general release of claims; (iv) we receive all requested information and documentation about the Transfer and transferee; (v) transferee's assumption of obligations or execution of a new franchise agreement on our then-current form, as designated by us; (vi) payment of a transfer fee equal to the Initial Fee; (vii) transferee meeting our franchisee criteria; (viii) completion of required Hotel maintenance, refurbishing, or PIP; (ix) landlord approval if the Premises is leased; (x) subordination of any owner-financed obligations to amounts due us; and (xi) satisfaction of any other reasonable conditions we impose, including that the timing of the transfer is reasonably acceptable to us. A \$1,000 subsequent onboarding administration fee is due for each Transfer. Our consent does not imply approval of the Transfer terms or transferee's performance.

11. **Default and Termination.**

(a) **Suspension.** If you fail to comply with any obligation under this Agreement and do not cure such default within two days, or within any longer cure period specified in our notice of default, then, without further notice, we may, at our sole discretion, (i) immediately suspend you from the CRS, and (ii) suspend your access to any revenue-generating or related programs (including group and corporate leads and Revenue Management Insights). All fees will continue to accrue during any suspension. We will reinstate your rights only if you (i) cure the default and provide satisfactory evidence of cure within the stated timeframe, and, if required, (ii) pay our then-current reactivation fee. Exercising our suspension rights under this Section does not limit our right to pursue other remedies, including termination under Sections 11.(b) or 11.(c), if the default remains uncured after the permitted cure period. Notwithstanding the foregoing, we may immediately suspend your rights, without prior notice, if we reasonably believe the Hotel's operation or condition poses a threat to life or safety, or if you are cited for violating any health, safety, or sanitation law, ordinance, or regulation.

(b) **Termination by Us—After Notice and Right to Cure.** In addition to the defaults in Section 11.(c), you are in default if: (i) you fail to timely pay any amount due to us, our affiliates, or required third parties, or fail to enroll in automatic recurring payments; (ii) a serious or imminent threat to public health or safety arises from the Hotel's construction, maintenance, or operation and remains uncorrected for five days after written notice from us or a governmental authority, unless cure cannot reasonably be completed within that time, in which case you must immediately begin and diligently pursue corrective action and may be required to temporarily close the Hotel; (iii) you, or any officer, director, owner, or manager engage in conduct harmful to or reflecting adversely on you, us, or any Network Mark, or demonstrate reckless disregard for the well-being of employees, guests, our representatives, or the public; (iv) guest complaints are excessive or three or more remain unresolved to our reasonable satisfaction; (v) you fail to maintain required insurance; (vi) you or any owner repeatedly fail to comply with this Agreement—three or more times in any twelve month period, or twice with the same obligation in any six month period—whether or not cured after notice; (vii) you fail to comply with Brand Standards; or (viii) you fail to meet any other obligation under this Agreement. Before termination, we will issue a notice of default describing the issue and a cure period of five days, unless a longer period is stated. If you fail to cure and provide satisfactory proof within the applicable period, we may terminate this Agreement without further notice. You bear the burden of proving timely cure.

(c) **Termination by Us—After Notice, No Right to Cure.** We may terminate this Agreement immediately, without opportunity to cure, by written notice if: (i) you or any owner make a material misrepresentation in obtaining the License or operating the Hotel; (ii) you abandon the Hotel, cease operations for more than seven consecutive days or fourteen days in any year, lose possession of the Premises, or lose the right to conduct business there; (iii) you fail to open the Hotel by the Required Opening Date; (iv) you deny or interfere with our inspection or PMS access rights; (v) you attempt a Transfer without our consent or breach Section 10; (vi) you breach Section 9 or any provision on Confidential Information or Marks; (vii) you become insolvent, file, or are subject to bankruptcy, receivership, or foreclosure proceedings not dismissed within forty-five days, or have substantial Hotel assets levied upon or sold; (viii) after receiving more than one notice from us, you or your owners or general manager engage in inappropriate or abusive conduct toward us or our representatives, other franchisees, or customers, whether in connection with the Hotel under this Agreement or any other franchise agreement with us or our affiliates; or (ix) you or any affiliate default under any other agreement with us or our affiliates and fail to cure within any applicable period.

(d) **Right to Perform.** If you default on any obligation under this Agreement, we may (but are not required to) perform such obligation on your behalf. You must immediately reimburse us for all actual costs incurred. Exercising this right does not limit our right to terminate under Sections 11.(b) or 11.(c).

(e) **Condemnation.** You must promptly notify us of any proposed taking of the Hotel by eminent domain. If we agree a substantial portion is affected, we may, at our discretion and within four months, permit relocation to a nearby approved site. If you open a new hotel meeting our requirements within one year of the Hotel's closing, it will be deemed the licensed Hotel. If not, we may terminate this Agreement upon notice, and you must pay the Lost Revenue Damages under Section 12.(b).

(f) **Casualty.** If the Hotel is damaged by fire or other casualty, you must promptly notify us. You may repair or rebuild per Brand Standards, starting within six months and reopening within eighteen months, with advance notice to us and the Term will be extended by the closure period. Either party may terminate without penalty if you choose not to rebuild.

12. Your Obligations upon Termination or Expiration. Upon the expiration or termination of this Agreement, all rights granted hereunder will terminate immediately, and the provisions of this Section apply to the rights and obligations of the parties.

(a) **Payment of Outstanding Amounts.** Within 10 days after termination or expiration, you must pay all unpaid Brand Fees, Revenue Management Insights Fees, Operations Insights Fees, PMS-to-CRS Enhanced Connectivity Fees, Conference Fees, and any amounts owed for products or services from us, our affiliates, or any suppliers or vendors.

(b) **Cease Operations.** Upon termination or expiration, you will immediately stop operating under the Brand, cease all use of the Marks and Confidential Information, and not represent or associate yourself in any way as a present or former Brand Franchisee. You must promptly de-identify the Premises in accordance with the Brand Manual and our written instructions, cease all use of any Online Presence related to the Hotel or Network Marks, and take all actions we require to disable or transfer exclusive control of such Online Presence to us. You appoint us as your attorney-in-fact to take any actions and execute any documents needed to effect these obligations. You will comply with all Brand Standards and applicable laws in de-identifying the Hotel, including with respect to disposing of Personal Information. You will honor all advance reservations made prior to the termination date on the established terms and pay all related commissions and fees. Once a termination or expiration date is set, we may stop accepting CRS reservations for stays on or after that date.

(c) **Distinguishing Operations; Return of Materials.** You will immediately remove all architectural elements, signage, and other representations on the Premises bearing our name, logos, or the Marks, and cease all affiliation representations. If you do not, we may enter the Premises and make the required changes at your expense, without liability for damages, trespass, or other torts. At your cost and as we direct, you will promptly return or destroy all tangible and intangible copies of the Marks and Confidential Information, including all reproductions in your possession or control.

(d) **Lost Revenue Damages.** If we terminate this Agreement under Sections 11.(b) or 11.(c), or you terminate this Agreement without cause, you must pay a lump sum equal to the Brand Fees, Revenue Management Insights Fees, Operations Insights Fees, and PMS-to-CRS Enhanced Connectivity Fees due from termination through the end of the Term ("**Lost Revenue Damages**"). The parties agree that this is not a penalty, but a bona fide estimate of our damages arising from early termination and that this calculation only contemplates what we would suffer due to the loss or interruption of the revenue stream we would have derived from your continued payment of those fees identified in the foregoing, and thus, it does not limit our right to recover other damages from your breach. If you fail to comply with paragraphs (b) and (c) of this Section within 30 days after termination or expiration, you must pay \$500 per day for each day in breach. Lost Revenue Damages are in addition to all other amounts due under this Agreement, including unpaid fees and post-termination obligations. Our remedies here do not limit equitable remedies available under law.

(e) **Pre-Opening Damages.** If you breach this Agreement and we terminate before you open the Hotel, you agree to pay \$1,000 per Guest Room as a reasonable estimate of damages from the loss of revenue, acknowledging that actual damages would be difficult to determine.

13. **Representations and Warranties.**

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

(b) **Specially Designated National or Blocked Person.** You represent and warrant, as consideration for the franchise, that neither you nor any owners, employees, agents, representatives, or associated persons or entities: (i) are or have been listed on the U.S. Treasury's Specially Designated Nationals List, Commerce Department's Denied Persons/Unverified/Entity Lists or General Orders, State Department's Debarred List or Nonproliferation Sanctions, or the Annex to Executive Order 13224; or (ii) assist, sponsor, support, or are owned or controlled by terrorists or sponsors of terrorism. You further represent and warrant compliance with U.S. anti-money laundering and counter-terrorism laws, that all funds provided are legally obtained, and that neither you nor associated persons will act in violation of these laws during this Agreement.

(c) **Further Assurances.** You also represent and warrant that if you are a corporation, limited liability company, or partnership ("**Entity**"): (i) you have authority to execute and perform this Agreement, are duly organized, and will remain in good standing; (ii) your organizational documents reflect restrictions on ownership transfers and all ownership certificates bear legends referencing this Agreement's restrictions; (iii) Exhibit A accurately lists all owners and their interests; (iv) owners with more than 20% interest will execute our prescribed guaranty, and Exhibit A will be updated for changes; (v) Exhibit A identifies a "**Principal**", meaning an individual with (a) authority to bind the Entity in all matters under this Agreement, and/or (b) primary responsibility for the Entity's management and day-to-day operations, regardless of ownership percentage, updated as needed; (vi) the Principal and, if applicable, Management Company, may act on your behalf, and we may rely on their decisions; (vii) neither you nor your owners are party to agreements granting rights to operate under any brand other than the Marks (except prior leases), and (viii) your execution and performance of this Agreement does not violate any law or agreement. Upon request, you will deliver further documents to confirm these representations, including current leases, deeds, or governing documents.

14. **General Provisions.**

(a) **Indemnification.** You must indemnify and hold harmless us, our current and former parents, subsidiaries, affiliates, and our and their current and former officers, directors, direct and indirect owners, employees, representatives, agents, successors, and assigns (each an "**Indemnified Party**") from all damages and costs, including enforcement costs, arising from your ownership or operation of your Hotel, including claims relating to Section 6.(f) accessibility descriptions, breaches of Section 13 representations and warranties, breaches of this Agreement, or employment-related claims (including those instituted by your employees or your Management Company's employees). This indemnity survives termination or expiration of this Agreement, and each Indemnified Party may, at your expense, control the defense, select counsel, settle claims, and take remedial or corrective action.

(b) **Independent Status.** This Agreement does not create a fiduciary relationship. You are an independent contractor, and nothing herein makes either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate, or servant of the other. You must take requested actions to publicly disclose your independence, including displaying approved front-desk signage identifying the Hotel owner/operator and that you operate under our license.

(c) **Amendments; Binding Effect; Survival.** Amendments, waivers, or modifications require a written document signed by the bound party and referencing this Agreement. This Section is subject to Sections 9.(c) and 14.(f). All terms bind and benefit the parties and their legal representatives, heirs, successors, and permitted assigns. All our and your respective obligations that expressly or by their nature survive the expiration or sooner termination of this Agreement continue in full force and effect subsequent to and notwithstanding its expiration or termination.

(d) **No Disparagement.** During and after the Term, you and your owners will not: (i) subject us or our affiliates or any of our or their respective officers, directors, stockholders, employees, or representatives, any other Brand Hotels or their owners or franchisees of the Network Hotels, any aspect of the Brand or the Network Marks, or any other of our brand concepts or those of our affiliates, to ridicule, scandal, reproach, scorn, or indignity; (ii) disparage or harm the goodwill of the Brand or Network Marks; or (iii) commit any act of moral turpitude.

(e) **Notices.** All notices under this Agreement must be in writing and are deemed delivered: (i) on the date delivered if by personal delivery; (ii) on the date of e-mail transmission, if a confirmation copy is mailed or expedited within three days; (iii) on the next business day after being placed in the hands of a nationally-recognized courier service for next business day delivery; or (iv) on the date upon which the return receipt is signed or delivery is refused if sent by registered or certified mail (postage prepaid). Notices to us must be sent to the address in the introduction, attention Asst. General Counsel – Franchise; notices to you must be sent to your Hotel or the address listed on Exhibit A.

(f) **Severability; Waivers.** If any term is unenforceable, it will not affect the remaining terms, and we may modify such term(s) to make it/them valid. Our failure to act on a breach does not waive any of our rights. The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any of us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

(g) **Governing Law; Venue and Jurisdiction.** Except as governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.), this Agreement, any related agreements, and all transactions contemplated herein, including our offer, sale, or negotiation of a franchise under the Brand and the parties' relationship arising therefrom, shall be governed by and construed in accordance with the internal laws of the Commonwealth of Massachusetts, without regard to its conflict-of-laws principles. Notwithstanding the foregoing, any statutes of the Commonwealth of Massachusetts regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the parties' relationships, do not apply unless their respective jurisdictional requirements are independently met. Any claims, controversies, disputes, or actions arising from this Agreement or related agreements must be brought in the federal court nearest to our (or our successor's or assign's) then-current principal place of business (currently Newton, Massachusetts); provided, if federal jurisdiction is lacking, then it must be brought in the corresponding state court, unless otherwise agreed. You (and your owners and guarantors) irrevocably submit to the jurisdiction and venue of such courts and waive any objections. However, actions seeking injunctive relief may be brought in any court of competent jurisdiction.

(h) **Attorneys' Fees and Expenses.** The prevailing party in any legal action will recover all fees, costs, and expenses, including reasonable attorneys' fees and costs through all trial and appellate levels and proceedings, from the non-prevailing party. If we incur costs due to your failure to pay, submit required reports, or comply with this Agreement, you must reimburse us on demand, whether legal action is taken or not.

(i) **Waiver of Exemplary and Punitive Damages.** Except for your indemnification obligations under this Agreement, we and you (and your owners) waive punitive or exemplary damages against each other and agree disputes are limited to equitable relief and actual damages.

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

(k) **Class Action Bar and Limitations of Claims.** The parties agree that claims of any other party shall not be joined with any claims between you and us. No prior course of dealing, or implied covenant of good faith and fair dealing, may modify or contradict this Agreement. Except for claims arising from your non-payment or underpayment of amounts owed hereunder, including liquidated damages, all claims relating to this Agreement or our franchisor-franchisee relationship are barred unless commenced in court or arbitration within one year of when the asserting party knew or should have known of the facts giving rise to the claim. The parties are bound by the shorter of this limitation period or any period under applicable law.

(l) **Consents, Authorization, Approvals or Other Satisfaction.** Our consent, authorization, approval, or other satisfaction (collectively, "Approval") under this Agreement is only binding if in writing and signed by an authorized executive officer. It may be withheld if you are in default and only shows our minimum requirements are met or waived. You may not claim liability from granting or withholding Approval.

(m) **Entire Agreement.** This Agreement (together with its exhibits and schedules) is the complete understanding and agreement between the parties and supersedes all prior negotiations. Nothing in this Agreement or any related agreement, however, is intended to disclaim the express representations we made in the Franchise Disclosure Document that we furnished to you.

(n) **Third Parties; Limited Power of Attorney.** The terms of this Agreement control the relationship between you and us and, except as stated, creates no third-party rights; provided, however, owners, officers, directors, employees, agents, attorneys, and representatives of each party are third-party beneficiaries of Sections 14.(a) and 14.(g)-(k). You irrevocably appoint us and our authorized officers and agents as your agent and attorney-in-fact to carry out Brand Franchisee-approved initiatives (e.g., merchant programs).

(o) **Management of Your Hotel.** Your Hotel must be managed full-time by a general manager, employed by you, or a management company selected by you and approved by us (the "**Management Company**"). Any lease, management, or operating agreement requires our prior written consent, which may be withheld. A Management Company must execute the Management Company Joinder, agreeing to be bound by this Agreement and jointly liable for your obligations, except for actual payments to third parties, our affiliates, or under this Agreement. Any change or new engagement of a Management Company requires our prior written consent and proof of capability; the new Management Company must execute the Joinder. You remain solely responsible for your Hotel's management. We may revoke approval of a Management Company if it ceases to be qualified. Any management agreement is subordinate to this Agreement, which controls in case of conflict.

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

[Signature Page Follows]

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

SONESTA RL HOTELS FRANCHISING INC.

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

[Franchisee Name]

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

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

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

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

Management Company Joinder

The party signing below is the Management Company and agrees that it is jointly and severally liable with you for the timely and complete performance of all your obligations under this Agreement, except with respect to the actual payment of any amounts due to any third parties, our affiliates or us under this Agreement (however, the Management Company will be obligated to ensure that such payments are made by you), as it may be modified from time to time (with or without the Management Company’s consent), and is bound by all the terms of this Agreement as if it were you under this Agreement.

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

MANAGEMENT COMPANY:

[Management Company Name]

By: _____

Name: _____

Title: _____

Date: _____

**Schedule 3.(f)
Booking Fees**

Reservation Fees¹:

- Direct Connect: \$3.25 per reservation through the Central Reservations System Direct Connect interfaces to associated onward distribution channels.
- Brand.com (brand website and mobile): \$2.75 per reservation through the Central Reservations System Internet Booking Engine for Web and Mobile Direct reservations.
- IDS: \$4.00 per reservation through the Central Reservations System Internet Distribution System to onward distribution switch or channel manager providers.
- GDS: \$10.50 per reservation through the Central Reservations System for reservations sourced from the Global Distribution Systems.
- Central Reservations Office (voice): \$7.00 per reservation
- Consortia or travel management company: the listing fee or a transaction fee of 3.5% of consumed revenue for all reservations generated through consortia or travel management companies (plus applicable commission)

Commissions:

- Travel Agency Commission Settlement Fees: Up to \$0.85 per financial transaction.
- Groups, Meetings, and Events^{1, 2}: 3% on consumed master folio per group.

¹ These booking fees are subject to change under Section 2.(l), and such reservation and booking fees will be charged for cancelled reservations unless they are cancelled through the same channel in which they were made.

² If you fail to report the number of room nights actually consumed within 10 days of the group's departure, this fee will be charged based on the contracted for room nights.

EXHIBIT A
TO THE FRANCHISE AGREEMENT
BETWEEN SONESTA RL HOTELS FRANCHISING INC.

AND

(insert franchisee name)

1. **Designated Brand Concept:**

Knights Inn®

Knights Inn & Suites®

2. **Franchisee:**

Notice Address (no P.O. Box): _____

Attention: _____

Email Address: _____

State of Formation: _____ Date of Formation: _____

Federal Tax Identification Number: _____

Alternate Name (if business has been conducted under a different name): _____

3. **Approved Number of Guest Rooms:** _____

4. **Construction Work Commencement Date (if applicable):** _____

5. **Construction Work Completion Date (if applicable):** _____

6. **Required Opening Date:** _____

7. **Principal:** _____

8. **Owners (if a Corporation, LLC, or Partnership):** The following lists the full name of each person who is one of your owners (as defined in the Franchise Agreement), or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary).

	Owner's Name	Percentage of Interest
Owners	_____	_____
	_____	_____
	_____	_____

9. **Officers and Directors (if a Corporation, LLC, or Partnership):**

Name of Each Director/Officer	Position(s) Held
_____	_____
_____	_____
_____	_____

[Signature Page Follows]

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

SONESTA RL HOTELS FRANCHISING INC.

_____ **[Franchisee Name]**

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

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

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

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

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

EXHIBIT B
GUARANTY AND ASSUMPTION OF OBLIGATIONS

Dated: _____

In consideration of, and as an inducement to, the execution of the Franchise Agreement, as periodically amended or modified (and any Initial Fee Promissory Note or Development Incentive Promissory Note, collectively, the “**Agreements**”) between Sonesta RL Hotels Franchising Inc. (“**we**,” “**us**,” or “**our**”) and _____ (“**Franchisee**”), the undersigned (“**Guarantor**”) hereby personally, unconditionally, and irrevocably: (i) guarantees Franchisee’s full and punctual payment and performance of all obligations under the Agreements, monetary and non-monetary, including covenants requiring or restricting specific actions (e.g., non-competition, confidentiality, transfers); and (ii) agrees to be personally bound by and liable for every obligation in the Agreements.

Each Guarantor further agrees: (i) liability is joint and several with Franchisee and all other Guarantors; (ii) upon our demand, Guarantor will immediately pay or perform any obligation Franchisee fails to satisfy; (iii) our rights are not conditioned on first pursuing Franchisee or anyone else; (iv) liability is not affected by extensions, indulgences, partial payments, settlements, releases, or other modifications we grant to Franchisee or others; (v) this Guaranty remains fully enforceable despite any bankruptcy of Franchisee or its successors, and Guarantor’s obligations will not be impaired or limited by any bankruptcy law or order; and (vi) Guarantor will, upon request, provide updated financial information reasonably required to demonstrate the ability to satisfy Franchisee’s obligations. Furthermore, each Guarantor waives: (i) all rights of reimbursement, contribution, or subrogation against Franchisee arising from this Guaranty until all obligations are fully satisfied; and (ii) all notices of acceptance, default, demand, protest, or any other notice relating to the obligations guaranteed hereunder.

The provisions contained in Section 14 of the Franchise Agreement, including Governing Law; Venue and Jurisdiction and Attorneys’ Fees and Expenses are incorporated into this Guaranty by reference and shall govern this Guaranty and any disputes between the undersigned and us. The Guarantors shall reimburse us for all costs and expenses we incur in connection with enforcing the terms of this Guaranty. Each Guarantor that is a business entity, retirement or investment account, or trust acknowledges and agrees that if Franchisee (or any of its affiliates) is delinquent in payment of any amounts guaranteed hereunder, that no dividends or distributions may be made by such Guarantor (or on such Guarantor’s account) to its owners, accountholders, or beneficiaries, for so long as such delinquency exists, subject to applicable law.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Franchise Agreement was executed.

GUARANTOR(S):	
Signature: _____	Signature: _____
Name: _____	Name: _____
Address: _____ _____	Address: _____ _____
Email: _____	Email: _____
Signature: _____	Signature: _____
Name: _____	Name: _____
Address: _____ _____	Address: _____ _____
Email: _____	Email: _____

EXHIBIT C-1
Conversion Rider

THIS RIDER (the “**Rider**”) is entered into and made effective as of the Effective Date of the Franchise Agreement in accordance with the terms of the Franchise Agreement signed concurrently herewith (“**Agreement**”) by and between **SONESTA RL HOTELS FRANCHISING INC.** (“**we,**” “**us,**” or “**our**”), and _____ (“**you**” or “**your**”). This Rider is annexed to and forms part of the Agreement. This Rider is being signed because you are converting an existing hotel into a Brand Hotel, pursuant to the Agreement. Capitalized terms used, but not defined, herein shall have the meanings given them in the Agreement.

1. **Interest in Premises.** You must provide us, no later than the Opening Date and in any event within thirty (30) days after the Effective Date, either (i) a deed showing your ownership of the Premises (the “**Deed**”) or (ii) a lease granting you the right to enter into the Agreement (the “**Lease**”). Failure to do so may result in immediate termination of the Agreement. You represent and warrant that, throughout the Term, you will have unrestricted possession of the Premises and Hotel sufficient to perform your obligations, subject only to reasonable lender requirements. You will provide us, upon request, all documents evidencing your right to possess the Premises. If you do not own the Premises, you must deliver to us any Lease amendment, addendum, extension, or other modification within five (5) days after execution. You acknowledge that (i) our involvement in location approval is solely for our benefit and that you are not relying on our approval, and (ii) you have been advised to seek your own professional advice regarding the Lease or, if applicable, your purchase of the Premises.

2. **Property Improvement Plan.** You or your Principal and the Management Company, if applicable, will meet with us to conduct an initial inspection of the Premises and prepare a property improvement plan (“**PIP**”) of required Brand Standards improvements, attached as Exhibit C-1(A) and incorporated herein. On or before the Renovation Work Completion Date, you will complete the renovation and construction work required by the PIP (“**Renovation Work**”). At your expense, you will: (1) obtain all necessary zoning, planning, building, utility, sign, business, liquor, and other permits or consents to lawfully open and operate the Hotel; (2) construct all improvements in compliance with the PIP and any other plans approved by us; (3) decorate the Hotel per approved plans; and (4) obtain customary contractors’ sworn statements and partial and final waivers of lien for all work performed. You agree to use any vendor(s) we select, including us or our affiliates, for design, engineering, construction management, and purchasing services for the Hotel conversion.

3. **Plans and Designs.** You must submit all Hotel plans (“**Plans**”) and furnishings, fixture, equipment, and décor proposals (“**Designs**”) for the Renovation Work. We may provide prototype materials, but our approval does not guarantee adequacy or results and may be relied on only for Brand Standards compliance. You remain solely responsible for ensuring the Hotel and Renovation Work comply with all applicable laws and governmental requirements. We may, but are not required to, attend progress meetings or inspect the Hotel, and any such involvement does not constitute any representation of construction or structural, mechanical, or electrical sufficiency. Upon completion, and as a condition to opening under the Marks, we may require a professional certificate confirming ADA and all applicable accessibility-code compliance.

4. **Commencement; Completion.** You must obtain all required insurance, including builder’s risk, and all permits and certifications for the Hotel renovation, including zoning, access, sign, building, and fire permits, and provide copies upon request. You will continue the Renovation Work uninterrupted, except to the extent rendered impossible by events beyond your control, including strikes, epidemics, pandemics, natural disasters, war, or governmental action or changes in law (“**Force Majeure Events**”). Force Majeure Events do not include your financial inability, inability to obtain financing, permits, or other events unique to you or your Hotel. Notwithstanding any Force Majeure Event, the Renovation Work must be completed and the Hotel furnished, equipped, and compliant with the Agreement and Brand Standards no later than the PIP-specified date (the “**Renovation Work Completion Date**”). Requests to extend the Completion Date must be submitted in writing before such date and approved in writing by us. You must notify us upon completion of the Renovation Work, and we alone will determine whether it meets the Agreement terms, Brand Standards, and PIP. Failure to complete on time is a default under Section 11 of the Agreement.

5. **Opening.** You will not open your Hotel until you receive our written authorization to do so, which will be provided _____ when we, at our sole discretion, are satisfied that you have complied with all Agreement terms.

IN WITNESS WHEREOF, the parties have executed this Rider as of the Effective Date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

[Franchisee Name]

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

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

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

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

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

EXHIBIT C-1(A)
Property Improvement Plan

Ex C-1(A)

EXHIBIT C-2
New Construction Rider

THIS RIDER (the “**Rider**”) is entered into and made effective as of the Effective Date of the Franchise Agreement in accordance with the terms of the Franchise Agreement signed concurrently herewith (“**Agreement**”) by and between **SONESTA RL HOTELS FRANCHISING INC.** (“**we**,” “**us**,” or “**our**”), and _____ (“**you**” or “**your**”). This Rider is annexed to and forms part of the Agreement. This Rider is being signed because you are constructing a new Brand Hotel, pursuant to the Agreement. Capitalized terms used, but not defined, herein shall have the meanings given them in the Agreement.

1. **Interest in Premises.** You must provide us, before you commence construction and in any event within thirty (30) days after the Effective Date, either (a) a deed showing your ownership of the Premises (the “**Deed**”) or (b) a lease granting you the right to enter into the Agreement (the “**Lease**”). Failure to do so may result in immediate termination of the Agreement. You represent and warrant that, throughout the Term, you will have unrestricted possession of the Premises and Hotel sufficient to perform your obligations, subject only to reasonable lender requirements. You will provide us, upon request, all documents evidencing your right to possess the Premises. If you do not own the Premises, you must deliver to us any Lease amendment, addendum, extension, or other modification within five (5) days after execution. You acknowledge that (i) our involvement in location approval is solely for our benefit and that you are not relying on our approval, and (ii) you have been advised to seek your own professional advice regarding the Lease or, if applicable, your purchase of the Premises.

2. **Construction Work.** You agree to perform all development, construction, renovation, furnishing, equipping, supply acquisition, and implementation of the Plans (“**Construction Work**”) in accordance with the Agreement and within the timeframes we specify. You are solely responsible for obtaining all required licenses, permits, and zoning variances, and must submit copies to us for approval before starting the Construction Work.

3. **Plans and Designs.** You must submit all Hotel plans (“**Plans**”) and furnishings, fixture, equipment, and décor proposals (“**Designs**”) for the Construction Work. We may provide prototype guest room and public area plans and schematic building plans as guidance, but our approval does not guarantee adequacy or results and may be relied on only for Brand Standards compliance. You remain solely responsible for ensuring the Hotel and Construction Work comply with all applicable laws and governmental requirements. We may, but are not required to, attend progress meetings or inspect the Hotel, and any such involvement does not constitute any representation of construction or structural, mechanical, or electrical sufficiency. Upon completion, and as a condition to opening under the Marks, we may require a professional certificate confirming ADA and all applicable accessibility-code compliance.

4. **Commencement; Completion.** You must obtain all required insurance, including builder’s risk, and all permits and certifications for Hotel construction, including zoning, access, sign, building, and fire permits, and provide copies upon request. Construction must commence within 12 months of the Effective Date, or as otherwise specified in Exhibit A (the “**Construction Work Commencement Date**”). If you fail to commence by that date, you must submit a written extension request with a \$5,000 fee; if approved, we will issue written notice setting the new Commencement Date. Construction must continue uninterrupted except to the extent prevented by events beyond your control, including strikes, epidemics, pandemics, natural disasters, war, or governmental action or law changes (“**Force Majeure Events**”). Force Majeure Events do not include your financial inability, inability to obtain financing, permits, or other events unique to you or your Hotel. Notwithstanding any Force Majeure Event, construction must be completed and the Hotel furnished, equipped, and compliant with the Agreement and Brand Standards by the date we specify (the “**Construction Work Completion Date**”). Requests to extend must be submitted in writing prior to such date and approved in writing. You must notify us upon completion, and we alone determine whether construction meets the Agreement terms and Brand Standards. Failure to commence or complete construction on time constitutes a default under Section 11.

5. **Opening.** You must complete construction and open your Hotel within 12 months of breaking ground, and in any event no later than 24 months from the Effective Date, unless a different date is specified in Exhibit A. You may not open the Hotel without our written authorization, which we will provide at our sole discretion once we are satisfied that all Agreement terms have been met.

IN WITNESS WHEREOF, the parties have executed this Rider as of the Effective Date of the Franchise Agreement.

SONESTA RL HOTELS FRANCHISING INC.

[Franchisee Name]

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

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

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

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

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

EXHIBIT C

BRAND MANUAL TABLE OF CONTENTS



KNIGHTS INN

BRAND STANDARDS MANUAL

2026

Version 1



Brand Standards Manual

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EXHIBIT D

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT

DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED IN, YOUR HOTEL WILL BE LOCATED IN, OR THE FRANCHISE GRANTED IS SUBJECT TO THE FRANCHISE REGISTRATION OR DISCLOSURE LAWS IN: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

The purpose of this Statement is to demonstrate to Sonesta RL Hotels Franchising Inc. (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a Knights Inn® franchise to operate as a Knights Inn ®-branded hotel is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I represent to Franchisor and acknowledge that:

<p>I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.</p>	<p>INITIAL:</p>
<p>I received a copy of the FDD, including the Franchise Agreement, at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents. I have also been advised to consult with other franchisees regarding the risks associated with the purchase of the franchise.</p>	<p>INITIAL:</p>
<p>Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.</p>	<p>INITIAL:</p>
<p>My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.</p>	<p>INITIAL:</p>
<p>I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.</p>	<p>INITIAL:</p>

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

INITIAL:

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)?

Yes No (Initial Here: ____)

If you selected "Yes," please describe the information you received on the lines below:

Prohibited Parties Clause. I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

[Signature page follows]

FRANCHISEE:

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Sign here if you are taking the franchise as a
**CORPORATION, LIMITED LIABILITY
COMPANY OR PARTNERSHIP**

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

EXHIBIT E
FINANCIAL STATEMENTS

RED LION HOTELS CORPORATION

Financial Statements

For the years ended December 31, 2025, 2024 and 2023

INDEPENDENT AUDITOR'S REPORT

Red Lion Hotels Corporation

Opinion

We have audited the consolidated financial statements of Red Lion Hotels Corporation (the "Company"), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, and the related consolidated statements of comprehensive income (loss), shareholders' equity, and cash flows for each of the three years in the period ended December 31, 2025, and the related notes to the consolidated financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2025 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Deloitte + Touche LLP

March 25, 2026

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

	December 31,	
	2025	2024
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,410	\$ 13,316
Accounts receivable, net	15,070	9,258
Prepaid expenses and other current assets	10,218	4,632
Total current assets	41,698	27,206
Property and equipment, net	2,028	1,178
Intangible assets, net	20,615	20,884
Operating lease right of use assets	1,216	1,686
Goodwill	19,680	19,680
Other long term assets	36,987	30,308
Total assets	\$ 122,224	\$ 100,942
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 425	\$ 1,481
Accrued compensation	4,726	4,202
Accrued expenses and other current liabilities	2,726	868
Operating lease liabilities	593	581
Total current liabilities	8,470	7,132
Long term liabilities:		
Operating lease liabilities, net of current portion	716	1,218
Due to related parties	29,117	7,234
Deferred income taxes	235	235
Loyalty program liability	535	139
Other long-term liabilities	12,613	6,753
Total long term liabilities	43,216	15,579
Total liabilities	51,686	22,711
Shareholders' Equity:		
Common shares, \$0.01 par value; 50,000,000 shares authorized, 25,464,899 issued and outstanding	255	255
Additional paid in capital	87,652	87,652
Accumulated deficit	(17,369)	(9,676)
Total shareholders' equity	70,538	78,231
Total liabilities and shareholders' equity	\$ 122,224	\$ 100,942

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

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

	Year Ended December 31,		
	2025	2024	2023
Revenues:			
Franchise fees	\$ 17,437	\$ 15,110	\$ 17,139
System, reservation and marketing fees	30,295	24,752	21,364
Loyalty program fees	1,172	149	258
Other fee revenue	<u>5,521</u>	<u>6,463</u>	<u>6,231</u>
Total fee revenue	54,425	46,474	44,992
Hotel operations	<u>4,062</u>	<u>4,577</u>	<u>10,574</u>
Total revenues	<u>58,487</u>	<u>51,051</u>	<u>55,566</u>
Operating costs and expenses:			
Sales and marketing	29,209	24,180	18,493
General, administrative and other	32,683	24,543	25,288
Hotel operations	4,240	5,383	9,105
Depreciation and amortization	<u>501</u>	<u>489</u>	<u>1,691</u>
Total operating costs and expenses	<u>66,633</u>	<u>54,595</u>	<u>54,577</u>
Operating income (loss)	(8,146)	(3,544)	989
Other income and expenses, net	683	921	440
Gain (loss) on sale of assets	-	(153)	160
Acquisition costs	<u>-</u>	<u>-</u>	<u>(8)</u>
Income (loss) before income tax expense	(7,463)	(2,776)	1,581
Income tax expense	<u>(230)</u>	<u>(137)</u>	<u>(104)</u>
Net income (loss)	<u>\$ (7,693)</u>	<u>\$ (2,913)</u>	<u>\$ 1,477</u>

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

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

	<u>Number of Common Shares</u>	<u>Common Stock</u>	<u>Additional Paid In Capital</u>	<u>Accumulated Deficit</u>	<u>Total Shareholders' Equity</u>
Balance at December 31, 2022	25,464,899	\$ 255	\$ 87,652	\$ (8,240)	\$ 79,667
Net Income	-	-	-	1,477	1,477
Balance at December 31, 2023	25,464,899	255	87,652	(6,763)	81,144
Net loss	-	-	-	(2,913)	(2,913)
Balance at December 31, 2024	25,464,899	255	87,652	(9,676)	78,231
Net loss	-	-	-	(7,693)	(7,693)
Balance at December 31, 2025	<u>25,464,899</u>	<u>\$ 255</u>	<u>\$ 87,652</u>	<u>\$ (17,369)</u>	<u>\$ 70,538</u>

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

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

	December 31,		
	2025	2024	2023
Cash flows from operating activities:			
Net income (loss)	\$ (7,693)	\$ (2,913)	\$ 1,477
Adjustments to reconcile net loss to cash used in operating activities:			
Depreciation and amortization	501	489	1,691
Amortization of key money and contract costs	2,407	1,514	396
Amortization of contract assets and liabilities	110	192	1,497
Deferred income taxes	-	-	1
Provision (Recovery) of doubtful accounts	3,860	1,112	(1,819)
Loss (gain) on sale of hotel	-	153	(160)
Change in current assets and liabilities			
Accounts receivable, net	(8,005)	(3,111)	(942)
Prepaid expenses and other current assets	(5,131)	(706)	(414)
Other long term assets	(11,111)	(19,498)	(9,440)
Accounts payable	905	(434)	(436)
Loyalty program liability	396	139	-
Accrued compensation, accrued expenses, and other liabilities	6,039	893	(2,777)
Net cash used in operating activities	<u>(17,722)</u>	<u>(22,170)</u>	<u>(10,926)</u>
Cash flows from investing activities:			
Capital expenditures	(1,082)	(735)	(433)
Proceeds from sale of hotel	-	-	550
Disbursement of notes receivable	-	(12)	-
Collection of notes receivable	15	14	39
Cash transfers to parent for centralized cash management	-	-	38,264
Net cash provided by (used in) investing activities	<u>(1,067)</u>	<u>(733)</u>	<u>38,420</u>
Cash flows from financing activities:			
Cash transfers from (to) parent for centralized cash management	21,883	(1,534)	8,768
Net cash provided by (used in) financing activities	<u>21,883</u>	<u>(1,534)</u>	<u>8,768</u>
Change in cash and cash equivalents:			
Net increase (decrease) in cash and cash equivalents	3,094	(24,437)	36,262
Cash and cash equivalents at beginning of period	13,316	37,753	1,491
Cash and cash equivalents at end of period	<u>\$ 16,410</u>	<u>\$ 13,316</u>	<u>\$ 37,753</u>

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

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

	December 31,		
	2025	2024	2023
Supplemental cash flow information:			
Cash paid for income taxes	\$ 198	\$ 102	\$ -

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

Red Lion Hotels Corporation ("RLH Corporation," "RLHC," "RLH", "we," "our," "us," or "company") is engaged, through its subsidiaries, in the franchising and ownership of hotels of its proprietary brands, including the following brands that are being actively sold in the United States and Canada: The Royal Sonesta Hotels, The James Brand, Classico Collection by Sonesta, MOD Collection by Sonesta, Sonesta Hotels. Resorts & Cruises, Sonesta Select Hotels, Sonesta Essential Hotels, Sonesta ES Suites, Sonesta Simply Suites, Red Lion Hotels, Inn & Suites by Sonesta, Signature Inn by Sonesta, Americas Best Value Inn by Sonesta, Canadas Best Value Inn By Sonesta, and Knights Inn. As of December 31, 2025, our system for all our brands included 929 franchised and licensed hotels and 1 company leased and operated hotel. RLH Corporation is wholly owned by Sonesta International Hotels Corporation ("Sonesta").

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

2. Summary of Significant Accounting Policies

Basis of Presentation and Principles of Consolidation

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

Use of Estimates

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

Revenue Recognition

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

Franchised hotels revenue

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

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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

- *Franchise fees* are royalties generally based on a percentage of a hotel's monthly gross room revenue or a fixed monthly fee based on room count. These fees are typically billed and collected monthly, and revenue is generally recognized at the same time the fees are billed.
- *System, reservation and marketing fees* are associated with our brands and shared services, which are paid from fees collected by us from the franchised properties. Revenue is generally recognized on a gross basis as fees are billed, which are based on the underlying hotel's sales or usage (e.g., gross room revenues and number of reservations processed) and expenses are expected to equal the revenues over time.
- *Other fee revenue* includes, but is not limited to, fees related to online reputation management and similar services, initial fees collected from prospective franchisees, and liquidated damages associated with franchise agreements that are terminated prior to their contractual expiration.

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

Company operated hotels revenue

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

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

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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Taxes and fees collected on behalf of governmental agencies

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

Cash and Cash Equivalents

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

Allowance for Doubtful Accounts

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

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

	<u>Year Ended December 31,</u>	
	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 1,126	\$ 2,040
Additions to allowance	2,193	1,112
Write-offs	(552)	(2,026)
Balance, end of year	<u>\$ 2,767</u>	<u>\$ 1,126</u>

The following schedule summarizes the activity in the allowance account for notes receivable:

	<u>Year Ended December 31,</u>	
	<u>2025</u>	
Balance, beginning of year	\$	-
Additions to allowance		1,667
Balance, end of year	<u>\$</u>	<u>1,667</u>

Prepaid Expenses and Other Current Assets

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

During the year ended December 31, 2025, certain franchise agreements were terminated prior to the expiration of their contractual terms. In accordance with the terms of the respective agreements, the balance of key money associated with these terminated properties became repayable to the Company. As a result, the Company reclassified the remaining balance due from these properties as notes receivable. The company entered into a payment plan with one franchisee which will result in \$480 to

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

be received in the next 12 months. This is recorded within prepaid expenses and other current assets, net in the consolidated balance sheets.

Short term notes receivable recorded within prepaid expenses and other current assets totaled \$505 and \$40 for the years ended December 31, 2025 and 2024, respectively.

The following schedule summarizes the activity in the short term and long term notes receivable accounts for each of the periods during the past two years (in thousands):

	Year Ended December 31,	
	2025	2024
Balance, beginning of year	\$ 40	\$ 42
Terminated key money receivable	4,088	-
Disbursements of notes receivable	-	12
Collection of notes receivable	(15)	(14)
Balance, end of year	\$ 4,113	\$ 40

Due to/from Related Parties

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

RLHC has distributed cash to Sonesta for working capital purposes and Sonesta has paid a number of vendors on behalf of RLH. The net impact of this activity for the year end December 31, 2025 and December 31, 2024 are \$29.1 million and \$7.2 million, respectively, in payables between Sonesta and RLH, included in due to related parties in our consolidated balance sheets. As such and given our low capital expenditures, RLH has sufficient funds necessary to maintain its operations and continue to generate cash to pay obligations that are expected to arise in the ordinary course of business. Additionally, if needed, we have the ability to seek additional funds from Sonesta.

Property and Equipment

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

Leases

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

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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

recognized at the amount of the lease liability with certain adjustments, if applicable. These adjustments include lease incentives, prepaid rent, and initial direct costs.

Indefinite-Lived Intangible Assets

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

There were no impairment losses recognized during the years ended December 31, 2025, 2024, and 2023.

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

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

Goodwill

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

We have not recognized any impairment on goodwill during the years ended December 31, 2025, 2024, and 2023.

Other Long Term Assets

Other long term assets primarily consist of key money arrangements with certain of our franchisees and contract assets. We

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

During the year ended December 31, 2025, certain franchise agreements were terminated prior to the expiration of their contractual terms. In accordance with the terms of the respective agreements, the balance of key money associated with these terminated properties became repayable to the Company. As a result, the Company reclassified the remaining balance due from these properties as notes receivable. The company recorded \$3,608 of long term notes receivable, of which \$1,941 was estimated to be collectible. Long term notes receivable is recorded within other long term assets in the consolidated balance sheets.

See above under “Prepaid Expenses and Other Current Assets” for a full rollforward of Notes Receivable.

Fair Value Measurements

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

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

Income Taxes

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

We recognize deferred tax assets to the extent that we believe these assets are more likely than not to be realized. In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning, and results of recent operations. At December 31, 2025 and 2024, a partial valuation allowance was recorded to reduce our deferred tax assets to an amount that is more likely than not to be realized. If we determine that we would be able to realize our deferred tax assets in the future in excess of their net recorded amount, we would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

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

Advertising and Promotion

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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Recent Accounting Pronouncements

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

3. Property and Equipment

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

<u>Asset Description</u>	<u>December 31,</u>		<u>Estimated Useful Lives</u>
	<u>2025</u>	<u>2024</u>	
Building improvements	2,181	610	Up to 40 years
Furniture and fixtures	360	528	Up to 10 years
Landscaping and land improvements	4	4	Lesser of useful life or remaining lease term
Construction in progress	<u>7</u>	<u>537</u>	N/A
	2,552	1,679	
Accumulated depreciation	<u>(524)</u>	<u>(501)</u>	
Property and equipment, net	<u>\$ 2,028</u>	<u>\$ 1,178</u>	

Depreciation expense for property and equipment was \$0.2 million, \$0.2 million and \$1.4 million, for the years ended December 31, 2025, 2024 and 2023 respectively. We retired \$0.2 million, \$0.1 million and \$3.4 million of fully depreciated assets for the years ended December 31, 2025, 2024 and 2023, respectively. The depreciation impact of sold assets was \$0 million, \$0.4 million and \$0 million for the years ended December 31, 2025, 2024 and 2023, respectively.

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. Intangible Assets, net

At December 31, 2025 and 2024, our intangible assets were as follows (in thousands):

<u>Asset Description</u>	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Amortizable intangible assets:			
Agreements with franchisees	\$ 5,184	\$ (1,138)	\$ 4,046
Carrying value of brand names (finite lives)	<u>200</u>	<u>(161)</u>	<u>39</u>
Total amortizable intangible assets	5,384	(1,299)	4,085
Carrying value of brand names (indefinite lives)	<u>16,530</u>	<u>-</u>	<u>16,530</u>
Intangible assets, net	<u>\$ 21,914</u>	<u>\$ (1,299)</u>	<u>\$ 20,615</u>

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

Amortization of our finite lived intangible assets was \$0.3 million for each of the years ended December 31, 2025, 2024 and 2023. The weighted average amortization period for intangibles was 18, 18 and 19 years for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, estimated future amortization expenses related to acquired agreements with franchisees and finite-lived brand names is as follows (in thousands):

	<u>Agreements With Franchisees</u>	<u>Brand Names</u>
2026	235	33
2027	232	6
2028	231	-
2029	231	-
2030	231	-
Thereafter	<u>2,886</u>	<u>-</u>
	<u>\$ 4,046</u>	<u>\$ 39</u>

5. Revenue from Contracts with Customers

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

	<u>December 31,</u>		<u>Balance Sheet Classification</u>
	<u>2025</u>	<u>2024</u>	
Accounts receivable	\$ 15,070	\$ 9,258	Accounts receivable, net
Key money	31,741	27,080	Other long term assets, Prepaid expenses and other current assets
Capitalized contract costs	5,910	4,912	Other long term assets, Prepaid expenses and other current assets
Contract liabilities	11,339	7,128	Other long term liabilities, Accrued expenses and other current liabilities

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Operating Lease Commitments

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

	Year Ended December 31,		
	2025	2024	2023
Office leases ⁽¹⁾	\$ -	\$ -	\$ (402)
Hotel leases	\$ 562	\$ 564	\$ 582
Total	\$ 562	\$ 564	\$ 180

(1) Rental expense for our Denver office leases was reduced by \$0.0 million, \$0.0 million and \$0.9 million of income received under subleases for the years ended December 31, 2025, 2024 and 2023, respectively.

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

At December 31, 2025, our right of use assets and related lease liabilities totaled \$1.2 million and \$1.3 million, which represented our future obligations under our operating leases that are determined to be material and are included in operating lease right of use assets and operating lease liabilities, respectively, in our consolidated balance sheets. As of December 31, 2025, the future maturities of lease liabilities are as indicated below (in thousands):

	Total
2026	593
2027	605
2028	206
Thereafter	-
Total lease payments	1,404
Less: imputed interest	(95)
Present value of lease liabilities	\$ 1,309

(1) For the years ended December 31, 2025 and 2024, the weighted average discount rate used to calculate the lease liability and the weighted average remaining term for our leases was 5.8% and 2.33 years and 5.8% and 3.33, respectively.

7. Income Taxes

The Company is subject to federal and certain state income taxes on its taxable income and/or gross receipts notwithstanding its historical net operating losses. The company is subject to audit for tax years ending December 31, 2025, December 31, 2024 and December 31, 2023.

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

	December 31,		
	2025	2024	2023
Total	\$ (7,463)	\$ (2,776)	\$ 1,581

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the periods during 2025, 2024, and 2023, our provisions for U.S., state, and foreign income taxes, if any, are included below (in thousands).

	December 31,		
	2025	2024	2023
Current:			
State (expense) benefit	(230)	(137)	(104)
Income tax (expense) benefit	\$ (230)	\$ (137)	\$ (104)

The components of our deferred tax assets and deferred tax liabilities at December 31, 2025 and 2024 are as follows:

	December 31,			
	2025		2024	
	Assets	Liabilities	Assets	Liabilities
Property and equipment	\$ 1,533	\$ -	\$ 1,823	\$ -
Intangible assets	3,157	2,035	360	1,936
Goodwill	1,698	-	937	-
Accrued bonus	778	-	729	-
Interest expense limitation section 163(j)	-	-	345	-
Allowance for credit losses	1,154	-	161	-
Tax credit carryforwards	4,245	-	3,723	-
Federal and state net operating losses	5,621	-	14,991	-
Leasing liabilities	1,066	-	1,066	-
Leasing assets	-	1,009	-	1,009
Other	184	85	169	1,578
Valuation allowance	(16,648)	-	(20,016)	-
Total	\$ 2,788	\$ 3,129	\$ 4,288	\$ 4,523

At December 31, 2025 and 2024, we had federal and state net operating loss carryforwards of \$22.1 million and \$58.8 million, respectively. The federal operating loss carryforwards can be carried forward indefinitely but are subject to annual deduction limitations under the 2017 Tax Cuts and Jobs Act. The state net operating loss carryforwards started to expire beginning in 2021; the tax credit carryforwards began to expire in 2024.

We assess the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. As of December 31, 2025, the total valuation allowance of \$16.4 million was recorded to reduce deferred tax assets to an amount that is more likely than not to be realized. Should we determine we will be able to realize additional deferred tax assets, the tax benefits relating to any reversal of the valuation allowance will be accounted for as a reduction of income tax expense.

For the years ended December 31, 2025, 2024 and 2023, our provision for income taxes is \$0.2 million, \$0.1 million, and \$0.1 million respectively, and the related effective tax rate is (3.08%), (4.94)% and 6.57%, respectively.

8. Fair Value

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

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

RED LION HOTELS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	December 31, 2025		December 31, 2024	
	Carrying	Fair Value	Carrying	Fair Value
	Amount		Amount	
Financial assets:				
Notes receivable	\$ 4,112	\$ 2,445	\$ 40	\$ 40

9. Dispositions

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

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

10. Subsequent Events

The Company has evaluated subsequent events through March 25, 2026, which is the date these statements were available to be issued and noted one event below.

On January 12, 2026, John Murray announced his retirement from his roles with Sonesta and The RMR Group, effective March 31, 2026. Effective April 1, 2026, Sonesta will transition to a co-CEO structure, with Keith Pierce, Executive Vice President of Franchise and Development at Sonesta, and Jeff Leer, who currently serves as the President and Chief Executive Officer of AlerisLife, assuming the roles.

EXHIBIT F

GUARANTY OF PERFORMANCE

GUARANTY OF PERFORMANCE

For value received, **RED LION HOTELS CORPORATION**, a Maryland corporation located at **400 CENTRE STREET, NEWTON, MASSACHUSETTS 02458** (the "Guarantor"), absolutely and unconditionally guarantees the performance by **SONESTA RL HOTELS FRANCHISING INC.**, located at **400 CENTRE STREET, NEWTON, MASSACHUSETTS 02458** (the "Franchisor"), of all of the obligations of Franchisor in accordance with the terms and conditions of the franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2026 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees as amended, modified or extended from time to time. This guarantee continues in full force and effect until all obligations of the Franchisor under its franchise registrations and Franchise Agreements are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive notice of Franchisor's default. This guarantee is binding on the Guarantor and its successors and assignees.

The Guarantor signs this guarantee at Newton, Massachusetts on the 31 day of March, 2026.

GUARANTOR:

RED LION HOTELS CORPORATION

By:  _____
Name: Dave Bryan
Title: Treasurer

EXHIBIT G

LIST OF FRANCHISEES

LIST OF FRANCHISEES AS OF DECEMBER 31, 2025

Franchisee	Address	City	State	Zip	Phone
LAKE POWELL HOLDINGS, INC.	121 S. Lake Powell Blvd	Page	AZ	86040	9286452488
PRADEEP PATEL & ASHA PATEL	101 W. Phoenix Street	Payson	AZ	85541	9284744526
VEDANTA RESOURCES LLC	1624 North Black Canyon Hwy	Phoenix	AZ	85009	6022696281
SIERRA VISTA HOSPITALITY GROUP, LLC	1551 E Fry Avenue	Sierra Vista	AZ	85635	3138012832
YUMA EXTENDED STAY LLC	2730 S 4th Avenue	Yuma	AZ	85364	9287266110
KNT DOWNTOWN LA LLC	1255 West Temple Street	Los Angeles	CA	90026	2132508925
SAI ENTERPRISES	1855 W. Cleveland Avenue	Madera	CA	93637	5596611131
SHREE GANESHA ARCADIA LLC	504 S. Brevard Avenue	Arcadia	FL	34266	8634944884
ZLC PROPERTY, LLC	26 Diplomat Parkway	Hallandale	FL	33009	3057769147
SHIRDI, LLC	8285 Dix Ellis Trail	Jacksonville	FL	32256	9047318400
PUJARON LLC	4651 W. Us Highway 192	Kissimmee	FL	34746	4073968400
ASMJ INC	339 S.W. Commerce Drive	Lake City	FL	32025	3867556300
AJAL MANAGEMENT INC.	5870 South Orange Blossom Trail	Orlando	FL	32839	4078595410
CROIX INVESTMENTS, LLC ¹	301 South Frontage Road	Plant City	FL	33566	8137520570
DAS HOTELS, INC.	4100 Tamiami Trail	Port Charlotte	FL	33952	9417432442
JAYADI, LLC	9300 Knights Drive	Punta Gorda	FL	33950	9415055701
SOHUM INC	2444 N. Slappey Blvd	Albany	GA	31702	2298888388
DYJAK LODGING ASSOC. LLC	210 Boy Scout Road	Augusta	GA	30909	7067373166
SHRIRAM3054 LLC	3054 Deans Bridge Road	Augusta	GA	30906	7067961493
AAMBA, LLC	1595 N Blair Bridge Road	Austell	GA	30168	7709440824
VEERAL ENTERPRISES, INC.	244 S. Main Street	Cleveland	GA	30528	7068654079
USMAN CORPORATION	461 South Main Street	Statesboro	GA	30458	9127645666
MAHANT HOTEL LLC	2942 Lawrenceville Hwy	Tucker	GA	30084	6785768700
ANDREW LOMBARDO	1111 E Morton Avenue	Jacksonville	IL	62650	2172452187
SHIV GANESH LLC	1020 Corey Blvd	Crawfordsville	IN	47933	7653618800
PETRO HOTELS, LLC ¹	4909 Knights Way	Indianapolis	IN	46217	6143534566
BKAZ, INC.	732 East 82nd Avenue	Merrillville	IN	46410	2197367461
NAZARET, LLC	2661 S. Business 31	Peru	IN	46970	7654723971
HANNAH HOSPITALITY LLC	1209 W Mulberry Street	Salem	IN	47167	8128832491
HOSPITALITY INVESTMENT LLC	3183 US-50	Emporia	KS	66801	6203427822
MAA PAVARTI LLC	1641 South Main	Ottawa	KS	66067	7852424842
SHIVOHUM, LLC	7216 Us Route 60	Ashland	KY	41102	6069289501
Sri Shakti LLC	3541 Highway 115 West	Bunkie	LA	71322	3183466866
NEWBURY STREET HOTEL REALTY LLC	225 Newbury Street	Danvers	MA	01923	9787746500
NITINKUMAR PATEL & MINA PATEL	208 Russell Street	Hadley	MA	01035	4135851552
HARI OM, INC.	787 South Washington Street	North Attleboro	MA	02760	5086432900
BATTLE CREEK HARI OHM, LLC.	2595 Capital Avenue, SW	Battle Creek	MI	49015	2699642600
CLAUDE PROPERTIES, LLC	6361 Dixie Hwy	Bridgeport	MI	48722	9897772582
FARMINGTON HOTEL BUSINESS, INC.	37527 Grand River Avenue	Farmington Hill	MI	48335	2484773200
FLINT HOSPITALITY, INC.	2324 Austins Parkway	Flint	MI	48507	8102507724
MICHIGAN KNIGHTS, LLC	3524 28th Street	Grand Rapids	MI	49512	6163233000

Franchisee	Address	City	State	Zip	Phone
Guru Kirpa 12 LLC	412 N. Nicolet Street	Mackinaw City	MI	49701	2314365026
DEQUINDRE NIGHTS INC.	26091 Dequindre Road	Madison Heights	MI	48071	2485459930
BRIGHTON ENTERPRISES INC	7887 17 Mile Road	Sterling Height	MI	48313	5862680600
MALIK HOSPITALITY L.L.C.	1017 E. Frontage Road	Litchfield	MN	55355	3206932496
SANAT, LLC	2790 Target Drive	Ferguson	MO	63136	3143557808
KIAAN HOTEL, LLC	1302 N Commercial Street	Harrisonville	MO	64701	8168843208
SUNRISE HOSPITALITY LLC	2521 S. Franklin Street	Kirksville	MO	63501	6606658352
JAI JAI RAM LLC	403 Booneslick Road	New Florence	MO	63363	5738357500
MUN & MUN, LLC	2829 Dakota Avenue	South Sioux City	NE	68776	4024948874
JAI AMBE HOSPITALITY INC.	1104 Route 73 South	Mount Laurel	NJ	08054	8567783500
PJ DEVELOPMENT GROUP, LLC	7089 State Route 35	South Amboy	NJ	08879	7325251770
OM VAGZEI LLC	410 Us Highway 46	South Hackensac	NJ	07606	2014404476
Red Rock, Inc.	3208 Hwy 66 West	Gallup	NM	87301	5057220982
VALLEY VIEW MOTEL, INC	1351 State Highway 5s	Amsterdam	NY	12010	5188425637
SVR GROUP, LLC	820 39 th Street	Brooklyn	NY	11232	7188518188
HILAND HOSPITALITY, LLC	2603 East Main Street	Endwell	NY	13760	6077548020
FAR ROCKAWAY HOTEL LLC	2067 Rt. 52 East	Liberty	NY	12754	8452927171
MATANGI MOTELS, LLC	101 State Route 104	Oswego	NY	13126	3153433136
NIMISITA, LLC	2155 Hanford Road	Burlington	NC	27215	3364360051
ZOYA, LLC	609 E. Broad Street	Elizabethtown	NC	28337	9108627444
OM2848NC INC	2848 Bragg Blvd	Fayetteville	NC	28303	9104854163
SHRI Hotel Group LLC	3435 South Memorial Drive	Greenville	NC	27834	2523555699
S&S OF LUMBERTON, LLC	3589 Lackey Street	Lumberton	NC	28360	9107387121
AMAR NAGOD, LLC	455 N. Andy Griffith Parkway	Mount Airy	NC	27030	3367868387
United Group Hospitality, LLC	711 S Key St	Pilot Mountain	NC	27041	7439994445
BALAJI INC.	1211 N. 47th Street	Grand Forks	ND	58203	7017574041
SHIV & DEV LLC	3950 Convenience Drive	Canton	OH	44718	3304925030
SHIVAAY LLC	7575 Poe Avenue	Dayton	OH	45414	6143327433
J.A. HOTELS LLC	240 E. Highland Road	Macedonia	OH	44056	3304671981
ROSSFORD NIGHTS, INC.	1120 Buck Road	Rossford	OH	43460	4196616500
SUJAL PATEL & KSHAMA PATEL ¹	801 N. Main Street	Fairview	OK	73737	5802273332
OM GURU SAI, LLC	910 N. 43rd Street East	Muskogee	OK	74403	9186836886
RADHAS HOTELS, LLC	2205 Broadway	Baker City	OR	97814	5415236324
U.S. INVESTORS, LLC	100 1st Street	Boardman	OR	97818	5414812441
ARUN PATEL & DAXA PATEL	1555 State Street	Salem	OR	97301	5035812466
SHREE SHAKTI, LLC	1880 Steelstone Road	Allentown	PA	18109	6102669070
DEVANG SOHAN, LLC	1100 Green Lane	Bristol	PA	19007	2157888400
Hari Hotel Management LLC	4942 Pa 309	Center Valley	PA	18034	6107979292
KRUPBANSI, LLC	847 Alleghany Blvd	Franklin	PA	16323	8144322101
R & H HOTELS, INC.	1215 S. Main Street	Greensburg	PA	15601	7248367100
POOJA HOSPITALITY LLC	969 Bethlehem Pike	Montgomeryville	PA	18936	2156998800
MOHIT CORP.	1071 East Main Street	Palmyra	PA	17078	7175126656
RAM GOVIND SAI, LLC	1134 W. Valley Avenue	Paxinos	PA	17860	5706440466
Pooja Vrisha Phila, LLC	4200 Roosevelt Blvd	Philadelphia	PA	19124	6097928227

Franchisee	Address	City	State	Zip	Phone
ACVA, LLC	347 Suederg Road	Pine Grove	PA	17963	5703458095
SHREE MAHANT SWAMI, INC.	310 Route 315 Hwy	Pittston	PA	18640	5706546020
BRS-Hanuman LLC	147 Gateway Road	Somerset	PA	15501	8144458933
ABC BENSLEM HOSPITALITY LLC	2707 Lincoln Hwy	Trevoese	PA	19053	2156394900
Krishna94 LLC	1850 Richland Avenue West	Aiken	SC	29801	8036486821
SHREENATHJI HOSPITALITY LLC	1803 Bush River Road	Columbia	SC	29210	8037720022
SHREE NILKANTH, LLC	420 Campground Road	Yemassee	SC	29945	8437268488
PMK, LLC	1111 Bell Road North	Antioch	TN	37013	6157313205
Gajanan Hospitality LLC	3655 Cummings Highway	Chattanooga	TN	37419	4238212233
HARSHAD T. PATEL	2421 Georgetown Road	Cleveland	TN	37311	4234781137
OM SAI LEBANON INC.	903 Murfreesboro Road	Lebanon	TN	37087	6154492900
SAI SADAN, LLC	2036 South Church Street	Murfreesboro	TN	37130	6158931090
VIRAH CORPORATION	99 Spring Street	Nashville	TN	37207	6152599160
NIMESH KUMAR PATEL AND DARSHANA PATEL	409 Tyson Avenue	Paris	TN	38242	7316421822
BHAV KRISH HOSPITALITY LLC	21305 State Route 22 N	Wildersville	TN	38388	7319680759
KTV HOSPITALITY, LLC	1102 East 2nd Avenue	Belton	TX	76513	2549393745
SANVI HOSPITALITY, LLC	1000 W. 4th Street	Big Spring	TX	79720	4329356757
DS & KK, LLC	201 Highway 290 E	Brenham	TX	77833	9798301110
SHANS MOTEL, LP	104 Texas Ave S	College Station	TX	77840	9796916300
RANJIT & GITA LLC	3615 Timons Blvd	Corpus Christi	TX	78402	3618834411
RAM-BAL-RAM CORPORATION	5253 Se Loop 820	Forest Hill	TX	76140	8175635300
PATEL & PAWAR, LLC	5000 I-30 Frontage Road	Greenville	TX	75402	9034559600
A&R HOTELS, LLC	4965 Airline Dr	Houston	TX	77022	3467720194
NITESH PATEL	3103 Estes Parkway	Longview	TX	75602	9037581113
NARAYANDAS, INC.	7716 NE Loop 820	North Richland Hills	TX	76180	8172844004
RIVERWALK HOSPITALITY, INC.	4039 East Houston Street	San Antonio	TX	78220	2103339100
MZM INVESTMENTS LLC	902 Highway 84	Slaton	TX	79364	8068285831
QIH, INC.	1505 College Avenue	South Houston	TX	77587	7139465900
PAAYAL, INC.	1309 W. Broadway	Van Horn	TX	79855	4322832030
EESHVARAH, LLC	3829 Franklin Avenue	Waco	TX	76710	2547540363
DEV DIP LLC	103 N Carter Road	Ashland	VA	23005	8048005167
HN HOSPITALITY, INC.	4600 Cleburne Boulevard	Dublin	VA	24084	5406741951
A&K HOTEL LLC	3173 Sussex Drive	Emporia	VA	23847	4345358535
NIRVI ENTERPRISES, LLC	5324 Jefferson Davis Highway	Fredericksburg	VA	22408	5406931176
HIRAL, INC.	312 West Stuart Drive	Galax	VA	24333	2762365117
STAYWEL, INC.	3642 South Amherst Highway	Madison Heights	VA	24572	4349296506
KANCHAN LLC	23786 Rogers Clark Blvd	Ruther Glen	VA	22546	8044482499
VYOMARJ, LLC	804 Lynnhaven Parkway	Virginia Beach	VA	23452	7574275500
VIRK ASSOCIATES, LLC	2100 East Hillsboro	Pasco	WA	99301	5095473475
INCS MOTEL, LLC	710 10th Avenue SW	Quincy	WA	98848	5097977001

Franchisee	Address	City	State	Zip	Phone
CAPITOL HOTELS, INC	6401 Maccorkle Avenue, Se	Charleston	WV	25304	3049250451
MNS HOSPITALITY	1149 Oakes Road	Racine	WI	53406	2628862211

¹ During the time period between January 1, 2026 and February 28, 2026, this Knights Inn Hotel was terminated.

LIST OF FRANCHISEES SIGNED BUT NOT YET OPENED AS OF DECEMBER 31, 2025

Franchisee Name	Address	City	State	Zip	Phone
Bliss Hospitality, LLC	57 W Service Rd	Hartford	CT	06120	8602468888
Waqas Ahmed	6570 Greensboro Rd	Ridgeway	VA	24148	2769563101

EXHIBIT H

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

LIST OF FRANCHISED KNIGHTS INN HOTELS TERMINATED, CANCELED, NOT RENEWED, OR OTHERWISE VOLUNTARILY OR INVOLUNTARILY CEASED TO DO BUSINESS UNDER THE FRANCHISE AGREEMENT DURING FY 2025 AND FRANCHISEES WHO HAVE NOT COMMUNICATED WITH FRANCHISOR IN PREVIOUS 10-WEEKS AS OF THE ISSUANCE DATE OF THE DISCLOSURE DOCUMENT

Former Franchisee	Address	City	State	Zip	Phone	Reason Left?
KRISHA, INC. ¹	3211 E. Race Street	Searcy	AR	72143	501-827-7451	Ceased Operations for Other Reasons
RINALNILESH KISSAMMEE	4651 W. Us Hwy 192	Kissimmee	FL	34746	407-460-2741	Transfer
CROIX INVESTMENTS, LLC ²	301 S Frontage Rd	Plant City	FL	33566	915-356-6654	Termination
SHIV GLOBAL HOTEL, LLC	2859 Panola Road	Lithonia	GA	30058	404-551-6298	Ceased Operations for Other Reasons
PETRO HOTELS, LLC ²	4909 Knights Way	Indianapolis	IN	46217	614-353-4566	Termination
JAI JALARAM, LLC ¹	3428 S. Santa Fe	Chanute	KS	66720	620-212-2306	Ceased Operations for Other Reasons
SHREE GANJANANA MANAGEMENT LLC	3506 Us Hwy 40	Oakley	KS	67748	503-443-0288	Non-Renewal
VAIBHAVLAXMI LLC, VALAM LLC, & VALI LLC	1641 South Main	Ottawa	KS	66067	801-319-9632	Transfer
KNIGHTS BEREALLC	715 Chestnut Street	Berea	KY	40403	804-347-7189	Ceased Operations for Other Reasons
Virendra Patel	1500 N. Main Street	Munfordville	KY	42765	859-576-2687	Failure to Open
HINSON INVESTMENT, LLC	3541 Highway 115 W	Bunkie	LA	71322	318-264-1904	Transfer
SHREEJI-MACKINAW COR	412 N. Nicolet Street	Mackinaw City	MI	49701	231-852-4848	Transfer
SCA KITC INC.	360 Munson Avenue	Traverse City	MI	49686	231-672-5982	Ceased Operations for Other Reasons
SAI KRUPA HOTELS, INC.	2848 Bragg Blvd	Fayetteville	NC	28303	252-525-3602	Transfer
SUJAL PATEL & KSHAMA PATEL ²	801 N. Main Street	Fairview	OK	73737	918-935-9080	Termination
AESHA5111 LLC	4942 Pa 309	Center Valley	PA	18034	302-985-3467	Transfer
SHREEJI PROPERTIES, LLC	147 Gateway Road	Somerset	PA	15501	302-985-3467	Transfer
NARAYANA OF AIKEN LLC	1850 Richland Ave W	Aiken	SC	29801	706-667-1781	Transfer
WLS HOTELS, LLC	1834 West Lucas St	Florence	SC	29501	609-992-8018	Ceased Operations for Other Reasons
BCH, LLC	114 Winingham Rd	Saint George	SC	29477	843-327-8237	Non-Renewal
YASIR AND SIDDIQUE, LLC	845 Sd-44	Winner	SD	57580	605-953-9278	Termination
AP LODGING PARTNERS	3655 Cummings Hwy	Chattanooga	TN	37419	423-503-4244	Transfer
YELLOWTAIL HOSPITALITY INC.	15470 Hwy 13 S.	Hurricane Mills	TN	37078	615-339-5514	Ceased Operations for Other Reasons
ONE ONKAR HOSPITALITY LLC ¹	505 E. Wendover Blvd	Wendover	UT	84083	646-549-8204	Ceased Operations for Other Reasons

¹ This location transitioned to an ABVI hotel.

² During the time period between January 1, 2026 and February 28, 2026, this Knights Inn Hotel was terminated.

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

EXHIBIT I

SAMPLE GENERAL RELEASE

SONESTA RL HOTELS FRANCHISING INC.

GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE

Sonesta RL Hotels Franchising Inc. ("we," "us," or "our") and the undersigned franchisee, _____

_____ ("you" or "your"), currently are parties to a certain Franchise Agreement (the "Franchise Agreement") dated _____, 20____. You have asked us to take the following action or to agree to the following request: [insert as appropriate for renewal situation]_____

_____. We have the right under the Franchise Agreement to obtain a general release from you (and, if applicable, your owners) as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you (and, if applicable, your owners) give us the release and covenant not to sue provided below in this document. You (and, if applicable, your owners) are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your current and former parents, affiliates, and subsidiaries, and your and each of the foregoing person's or entity's respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "Releasing Parties"), hereby fully and forever unconditionally release and discharge us and our current and former parents, subsidiaries, and affiliates, and our and each of such foregoing entity's respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (collectively, the "Sonesta RL Parties") of and from any and all claims, demands, obligations, actions, liabilities, defenses or damages of every kind and nature whatsoever (collectively, "Claims") whether at law or in equity, and known or unknown, which any of the other Releasing Parties had, has, or may have had, in any way arising out of or relating to any relationship or transaction with any of the Sonesta RL Parties, however characterized or described, from the beginning of time until the date of your signature below, including, without limitation, any and all Claims in any way arising out of or relating to the Franchise Agreement, the relationship created by the Franchise Agreement, or the development, ownership, or operation of the Hotel that you operate under the Franchise Agreement. You, on behalf of yourself and the other Releasing Parties, further covenant not to sue any of the Sonesta RL Parties on any of the Claims released by this paragraph, and warrant and represent that the Releasing Parties have not assigned or otherwise transferred any Claims released by this paragraph.

IF THE HOTEL YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

SECTION 1542 ACKNOWLEDGMENT. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE SONESTA RL PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE SONESTA RL PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES,

EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the Hotel is located in Maryland or if you are a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 *et seq*, governs the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If your Hotel is located in Washington or if you are a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this release on the date set forth next to their respective signatures.

SONESTA RL HOTELS FRANCHISING INC.

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE

Print Name: _____

Title: _____

By: _____

Date: _____

FRANCHISEE OWNER

Print Name: _____

Title: _____

By: _____

Date: _____

Print Name: _____

Title: _____

By: _____

Date: _____

EXHIBIT J

AGREEMENT AND CONSENT TO TRANSFER

AGREEMENT AND CONSENT TO TRANSFER

THIS AGREEMENT AND CONSENT TO TRANSFER (the “**Agreement**”) is made as of the Effective Date by and between **Sonesta RL Hotels Franchising Inc.** (“**we**” or “**us**”), _____, a [corporation/limited liability company] whose address is _____ (“**Assignor**”), _____, [an] individual[s] and sole owner[s] of Assignor (“**Assignor Owner[s]**”), _____, a [corporation/limited liability company] whose address is _____ (“**Assignee**”), and _____, [an] individual[s] and sole owner[s] of Assignee (“**Assignee Owner[s]**”). Assignor and Assignor Owner[s] are collectively referred to as the “**Assignor Parties.**” Assignee and Assignee Owner[s] are collectively referred to as the “**Assignee Parties.**” The Assignor Parties and the Assignee Parties are collectively referred to as the “**Franchisee Parties.**” The “**Effective Date**” is the date on which we sign this Agreement as shown beneath our signature on the signature page of this Agreement.

RECITALS

A. We and Assignor are parties to that certain franchise agreement dated _____ (the “**Existing Franchise Agreement**”), pursuant to which Assignor was granted, and assumed the obligation, to own and operate a Knights Inn-branded hotel located at _____ (the “**Hotel**”).

B. Assignor intends to sell to Assignee, and Assignee intends to purchase, the assets of the Hotel and the underlying [premises lease] [real estate] for the Hotel (collectively, the “**Transfer**”). Franchisee Parties expect to consummate the Transfer on _____ but shall be no later than _____ (the “**Outside Date**”). The date that Franchisee Parties actually consummate the Transfer shall be deemed the “**Closing Date.**”

C. Under the Existing Franchise Agreement, the proposed Transfer requires our prior consent. The Franchisee Parties have requested we consent to the Transfer and we are willing to do so on the terms and conditions set forth in this Agreement.

D. Capitalized terms used but not defined in this Agreement have the meanings given to them in the Existing Franchise Agreement.

AGREEMENT

FOR AND IN CONSIDERATION of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. **Consent to Transfer.** By executing this Agreement and subject to the terms and conditions contained herein, we consent to the Transfer. Our consent to the Transfer applies solely to the Transfer as described in this Agreement. We reserve all rights with respect to any subsequent transfer to which rights would apply under the Existing Franchise Agreement or the New Franchise Agreement (defined in Section 4 below). Notwithstanding the foregoing, if any term or condition of this Consent is not met by the Franchisee Parties as of the Closing Date (including any representation or warrant that is not true as of the Effective Date or the Closing Date), or the Transfer is not consummated on or before the Outside Date, we may terminate this Agreement and withdraw our consent to the Transfer.

2. **Representations and Warranties.** The Franchisee Parties, as indicated below, make the following representations and warranties to us as of the Effective Date and as of the Closing Date:

(a) Assignor Parties each, jointly and severally, represent and warrant that: (i) Assignor is a [corporation / limited liability company] that was formed and is in good standing under the laws of the State of _____, (ii) Assignor Owner[s] [is/are] the sole owner[s] of Assignor and are duly authorized to sign on behalf of Assignor, (iii) Assignor is the sole owner of the Hotel, (iv) the Hotel’s assets are free and clear of all liens, (v) Assignor has not previously transferred or

assigned the Existing Franchise Agreement, (vi) Assignor is the sole [tenant under the real property lease for the premises occupied by the Hotel (the “**Lease**”)] [owner of the real estate for the premises occupied by the Hotel (the “**Real Estate**”)]; (vii) Assignor Parties, and on behalf of themselves and their employees, contractors and agents, have not used, disclosed or made unauthorized copies of our or our affiliates’ confidential materials or proprietary information, or shared any access codes to any of our or our affiliates’ electronic information and secure websites; (viii) Assignor Parties have not filed a lawsuit or arbitration demand against us, our parent companies or affiliates and have not filed a proceeding, complaint or notice regarding the Hotel, the Existing Franchise Agreement, or us with any federal, state or local regulatory or law enforcement agency, including without limitation, the Federal Trade Commission; and (xi) Assignor Parties are not the subject of any bankruptcy, receivership, composition, assignment or similar proceeding; and

(b) Assignee Parties each, jointly and severally, represent and warrant that: (i) Assignee is a [corporation / limited liability company] that was formed and is in good standing under the laws of the State of _____, and (ii) Assignee[s] [is/are] the sole owner[s] of Assignee.

3. **Termination of Existing Franchise Agreement.** Franchisee Parties agree that the Existing Franchise Agreement is terminated as of the Closing Date and shall thereafter be of no further force or effect except as provided in this Agreement. Notwithstanding the foregoing, Assignor Parties acknowledge that (a) the termination does not affect any obligations under the Existing Franchise Agreement that arose or accrued prior to the Closing Date, and (b) the termination does not affect or release Assignor Parties from, and Assignor Parties hereby agree to comply with, any obligations under the Existing Franchise Agreement that, either expressly or by their nature are intended to survive termination of the Existing Franchise Agreement, including, for example, the post-termination obligations (except those obligations pertaining to the de-imaging of the Hotel) and indemnification obligations with respect to claims arising from or based on events which occurred prior to termination.

4. **New Franchise Agreement.** Assignee shall, concurrently with the execution of this Agreement, execute our current form of franchise agreement and related agreements (to reflect that the agreement is executed in connection with a transfer of the rights under the Existing Franchise Agreement) (the “**New Franchise Agreement**”), and Assignee Owner[s] shall execute the Guaranty and Assumption of Obligations attached thereto. The New Franchise Agreement will govern Assignee’s ownership and operation of the Hotel from and after the Closing Date. If the Transfer is not consummated on or prior to the Outside Date, and we terminate this Agreement and withdraw our consent to the Transfer, then Assignee acknowledges and agrees that the New Franchise Agreement becomes null and void.

5. **Conditions to Consent.** Our consent to the Transfer is conditioned on all of the following terms and conditions being met on or prior to the Closing Date:

(a) All of the representations and warranties made in this Agreement by the Franchisee Parties must be true and correct as of the Closing Date, and the Franchisee Parties further represent and warrant that, upon the consummation of the Transfer: (i) the Hotel’s assets and the [Real Estate / Lease] will be held solely in the name of the Assignee, [and] (ii) neither Assignor nor Assignor Owner[s] provides Assignee or Assignee Owner[s] with any financing in connection with the Transfer[, and (iii) under the Lease, Assignee will have the right to occupy the Hotel’s premises during the entire term of the New Franchise Agreement];

(b) Assignee Parties deliver to us a fully executed New Franchise Agreement and Guaranty and Assumption of Obligations;

(c) Franchisee Parties must provide us with executed versions of any other documents executed by Franchisee Parties to effect the Transfer, and all other information we request about the proposed Transfer, and such Transfer meets all of our requirements and will not adversely affect Assignee’s operation of the Hotel;

(d) If the proposed Transfer requires notice to or approval from any landlord, vendor, lender or governmental authority, the Franchisee Parties have taken such appropriate action and provided us with evidence of the same;

(e) Assignor pays or causes to be paid to us a transfer fee of \$_____, as required under the Existing Franchise Agreement, which shall be fully earned by us and is non-refundable;

(f) Assignor pays or causes to be paid to us \$_____, representing the amounts due and owing to us through the Closing Date, including but not limited to any past due amounts related to [insert as applicable]; and

(g) Franchisee Parties provide us with any other evidence that we reasonably request to show that appropriate measures have been taken to effect the Transfer (including, by obtaining new insurance policies and business licenses) and that Franchisee Parties have the ability to satisfy their obligations under this Agreement, the Existing Franchise Agreement or New Franchise Agreement (as applicable), any and all guarantees thereof, and any related documents executed in connection with any of the foregoing.

6. **Financing.** Regardless of any provision in any other agreement between any of the Franchisee Parties, if Assignor Parties provide financing for any part of any consideration given or to be given by Assignee Parties for the Transfer, Assignor Parties agree that all of Assignee Parties' and/or their affiliates' obligations under promissory notes, agreements, or security interests reserved in the Hotel are subordinate to our rights and Assignee's obligations under the New Franchise Agreement and any guaranty executed by the Assignee Owner[s] pursuant thereto.

7. **Release.** The Franchisee Parties, and each of them, on behalf of themselves and their respective current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), hereby fully and forever unconditionally release and discharge us and our current and former parents, subsidiaries, and affiliates, and our and each such foregoing entity's respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Claims**"), whether at law or in equity, and known or unknown, which any of the Releasing Parties had, has, or may have had, in any way arising out of or relating to any relationship or transaction with any of the Released Parties, however characterized or described, from the beginning of time until the date set forth below each of the Franchisee Parties' signature to this Agreement, including, without limitation, any and all Claims in any way arising out of or relating to the Existing Franchise Agreement, this Agreement, the relationships created by any of the foregoing, or the development, ownership, or operation of the Hotel, or any other agreements entered into between any of the Released Parties and any of the Releasing Parties. The Releasing Parties further covenant not to sue any of the Released Parties on any of the Claims released by this Section, and warrant and represent that they have not assigned or otherwise transferred any Claims released by this Section.

If the Hotel is located in California or if any of the Franchisee Parties are residents of California, the following shall apply:

Section 1542 Acknowledgment. It is the Franchisee Parties' intention, on their own behalf and on behalf of the Releasing Parties, in executing this release that this Section be and is a general release which shall be effective as a bar to each and every claim, demand, or cause of action released by the Franchisee Parties or the Releasing Parties. The Franchisee Parties recognize that they or the Releasing Parties may have some claim, demand, or cause of action against the Released Parties of which he, she, or it is totally unaware and unsuspecting, which he, she, or it is giving up by executing this release. It is the Franchisee Parties' intention, on their own behalf and

on behalf of the Releasing Parties, in executing this instrument that it will deprive him, her, or it of each such claim, demand, or cause of action and prevent him, her, or it from asserting it against the Released Parties. In furtherance of this intention, the Franchisee Parties, on their own behalf and on behalf of the Releasing Parties, expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

“A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.”

The Franchisee Parties acknowledge and represent that they have consulted with legal counsel before executing this release and that they understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

If the Hotel is located in Maryland or if any Franchisee Party is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 et seq, govern the parties' franchise relationship, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Minnesota Franchise Act.

If the Hotel is located in Washington or if any Franchisee Party is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

8. **Acknowledgment**. In agreeing to the Transfer and entering into this Agreement, the Franchisee Parties acknowledge that: (a) they are relying upon their own judgment regarding the suitability of the terms they have negotiated among themselves; (b) they have read, understand, and fully agree to the terms of this Agreement; (c) they have had the time and opportunity to review this Agreement with counsel of their choice; (d) we have made no promise, inducement or agreement or any representations and warranties not expressed herein to procure their agreement hereto; and (e) our sole role in connection with the Transfer has been to exercise our right under the Existing Franchise Agreement to consent to the Transfer, and if we reviewed certain agreements between or among the Franchisee Parties, neither such review nor the execution of this Agreement shall be deemed our approval or endorsement of such documents (or the terms therein) or a modification of any agreement between us or any Franchisee Party.

9. **Governing Law; Dispute Resolution**. This Agreement will be construed and enforced in accordance with, and is governed by, the laws of the Commonwealth of Massachusetts and any disputes arising hereunder shall otherwise be resolved pursuant to Section 14 (General Provisions) of the Existing Franchise Agreement. Each party hereby irrevocably submits to, and waives any objection it might have to, jurisdiction of and venue in the courts of general jurisdiction nearest to our or, as applicable, our successor's or assign's then current principal place of business (currently, Newton, Massachusetts).

10. **Attorneys' Fees**. Each party shall be responsible for their own costs and fees associated with the preparation of this Agreement. However, in the event of a dispute arising under this Agreement,

the prevailing party in such dispute shall be entitled to an award of reasonable attorneys' fees, costs and expert witness fees.

11. **Confidentiality of this Agreement.** The Franchisee Parties agree that the existence of this Agreement and its terms are strictly confidential and that, therefore, the Franchisee Parties and the other Releasing Parties shall not provide or disclose to any third party, unless authorized in writing to do so by us or properly directed or ordered to do so by public authority, any information regarding the existence of this Agreement, the terms or conditions contained in this Agreement, or any dealings or negotiations with us or any of the Released Parties related to this Agreement.

12. **Non-Disparagement.** Franchisee Parties agree not to disparage or otherwise speak or write negatively, directly or indirectly, of us or any of the Released Parties, the Knights Inn brand, the Knights Inn franchise system, or any other service-marked or trademarked concept of ours or of any Released Party, or which would subject the Knights Inn brand to ridicule, scandal, reproach, scorn, or indignity or which would negatively impact our goodwill or that of the Knights Inn brand.

13. **Miscellaneous Provisions.** This Agreement may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced. The headings of this Agreement are for convenience and reference only and will not limit or otherwise affect the meaning hereof. This Agreement may be executed in any number of counterparts and sent via email, each of which will be deemed an original but all of which taken together will constitute one and the same instrument.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed this Agreement on the dates shown below and made effective as of the Effective Date.

SONESTA RL HOTELS FRANCHISING INC.

ASSIGNOR

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

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

ASSIGNOR OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

ASSIGNEE

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

ASSIGNEE OWNER[S]

By: _____
Name: _____

By: _____
Name: _____

[Signature Page to Agreement and Consent to Transfer]

EXHIBIT K

STATE ADDENDA AND AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
FRANCHISE DISCLOSURE DOCUMENT OF
SONESTA RL HOTELS FRANCHISING INC.**

The following are additional disclosures for the Franchise Disclosure Document of SONESTA RL HOTELS FRANCHISING INC. required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

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

HAWAII

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

2. THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS

1. The "Summary" section of Item 17(v), entitled **Choice of forum**, is deleted in its entirety.

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

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

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

However, this section shall not act as a condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or the Illinois Regulations Section 200.69.

MARYLAND

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

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

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

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

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

4. The following is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

5. The "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**, are amended to add the following:

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The following language is added to the end of the chart in Item 17:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MINNESOTA

1. **THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC

OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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

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

Provided you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

4. **Renewal, Termination, Transfer and Dispute Resolution.** The following is added to the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction. Those provisions also provide that no condition, stipulations or provision in the Franchise Agreement will in any way abrogate or reduce any of your rights under the Minnesota Franchises Law, including, if applicable, the right to submit matters to the jurisdiction of the courts of Minnesota.

Any release as a condition of renewal and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

NORTH DAKOTA

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

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

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

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

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

4. The "Summary" section of Item 17(w), entitled **Choice of law**, is deleted and replaced with the following:

Except as otherwise required by North Dakota law, the laws of the Commonwealth of Massachusetts will apply.

RHODE ISLAND

1. The following language is added to the end of the "Summary" sections of Item 17(v), entitled **Choice of forum**, and 17(w), entitled **Choice of law**:

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

VIRGINIA

1. The following language is added to the end of the "Summary" section of Item 17(e), entitled **Termination by franchisor without cause**:

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

WASHINGTON

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

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

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection

with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

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

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

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

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

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

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

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent

contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

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

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

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

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

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

We use the services of franchise brokers to assist us in selling franchises. A franchise broker represents us and is paid a fee for referring prospects to us and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting our current and former franchisees to ask them about their experience with us.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
FRANCHISE AGREEMENT**

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Knights Inn Hotel that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **GOVERNING LAW; VENUE AND JURISDICTION.** The first sentence of Section 14.(g) of the Franchise Agreement is deleted and replaced with the following:

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

3. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER.** The following language is added to the end of Sections 14.(i) and 14.(j) of the Franchise Agreement:

HOWEVER, THIS SECTION SHALL NOT ACT AS A CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THE ILLINOIS FRANCHISE DISCLOSURE ACT AT SECTION 705/41 OR ILLINOIS REGULATIONS AT SECTION 200.609.

4. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following language is added to the end of Section 14.(k) of the Franchise Agreement:

However, this Section shall not act as a condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

5. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added as Section 14.(q) of the Franchise Agreement:

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

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity

By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Maryland, and/or (b) the Knights Inn Hotel that you will operate under the Franchise Agreement will be located in Maryland, and/or (c) the offer to sell you a franchise or the offer to buy a franchise was made in Maryland.

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

3. **RELEASES.** The following is added to the end of Sections 1.(d) and 10.(b) of the Franchise Agreement:

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

4. **BANKRUPTCY.** The following is added to the end of Section 11.(c) of the Franchise Agreement:

; however, we and you acknowledge that certain aspects of this provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. **REPRESENTATIONS AND WARRANTIES.** The following is added to the end of Section 13 of the Franchise Agreement:

Your acknowledgments or representations made in this Agreement, which disclaim the occurrence and/or acknowledge the non-occurrence of acts that could constitute a violation of the Franchise Law, are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. **GOVERNING LAW, VENUE AND JURISDICTION** The following is added to the end of Section 14.(g) of the Franchise Agreement:

Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law and Maryland law shall apply to such claims arising under the Maryland Franchise Registration and Disclosure Law.

7. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following language is added to the end of Section 14.(k) of the Franchise Agreement:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Knights Inn Hotel that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) you are either a resident of, domiciled in, or actually present in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 1.(d) and 10.(b) of the Franchise Agreement:

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

3. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 1.(d), 11.(b) and 11.(c) of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. **LIQUIDATED DAMAGES.** The following is added to the end of the last paragraph of Section 6.(b) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

5. **TERMINATION FEE.** The following is added to the end of Section 12.(d) and Section 12.(e) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under Minn. Rule Part 2860.4400J. However, we and you agree to enforce the provision to the extent the law allows.

6. **GOVERNING LAW, VENUE AND JURISDICTION.** The following is added to the end of Section 14.(g) of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec 80C.21 and Minn. Rule 2860.4400J prohibit us, except in certain specified cases, from requiring litigation to be conducted outside Minnesota. Nothing in this Agreement shall abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your right to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER**. If and then only to the extent required by the Minnesota law, Sections 14.(i) and 14.(j) of the Franchise Agreement are deleted.

8. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS**. The following is added to the end of Section 14.(k) of the Franchise Agreement:

Minnesota law provides that no action may be commenced under Minn. Stat Sect. 80C.17 more than 3 years after the cause of action accrues.

9. **CLAIMS AGAINST THE MARKS**. The following is added as Section 9.(e) of the Franchise Agreement:

Provided you have complied with all provisions of this Agreement applicable to the Marks, we will protect your rights to use the Marks and we also will indemnify you from any loss, costs or expenses from any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C.12 Subd. 1(g).

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of North Dakota and the Knights Inn Hotel that you will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES.** The following is added to the end of Sections 1.(d) and 10.(b) of the Franchise Agreement:

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

3. **LIQUIDATED DAMAGES.** The following is added to the end of the last paragraph of Section 6.(b) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

4. **TERMINATION FEE.** The following is added to the end of Section 12.(d) and Section 12.(e) of the Franchise Agreement:

We and you acknowledge that certain parts of this provision might not be enforceable under the North Dakota Franchise Investment Law. However, we and you agree to enforce the provision to the extent the law allows.

5. **GOVERNING LAW, VENUE AND JURISDICTION.** Section 14.(g) of the Franchise Agreement is deleted and replaced with the following:

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

controversies, disputes or actions arising from this Agreement and any related agreements, and all transactions contemplated by this Agreement and any related agreements, must be brought in the federal court nearest our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts); provided, that, if the federal court lacks jurisdiction, then such claims, controversies, disputes or actions must be brought in the state court nearest our or, as applicable, our successor's or assign's then-current principal place of business (currently, Newton, Massachusetts), unless otherwise mutually agreed by the parties. You (and your owners and guarantors) irrevocably submit to the jurisdiction of such courts and waive any objection you might have to either the jurisdiction of or venue in such courts. Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law. However, with respect to any action for injunctive relief, the parties may bring such action in any court of competent jurisdiction.

6. **WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES and JURY WAIVER.** To the extent required by the North Dakota Franchise Investment Law, Sections 14.(i) and 14.(j) of the Franchise Agreement are deleted.

7. **CLASS ACTION BAR AND LIMITATIONS OF CLAIMS.** The following is added to the end of Section 14.(k) of the Franchise Agreement:

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

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the Knights Inn Hotel that you will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **GOVERNING LAW, VENUE AND JURISDICTION.** The following language is added to Section 14.(g) of the Franchise Agreement:

SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT."

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT
FOR USE IN VIRGINIA**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Knights Inn Hotel that you will operate under the Franchise Agreement will be established or maintained in Virginia.

2. **TERMINATION BY EITHER PARTY.** The following is added to the end of Section 11.(b) of the Franchise Agreement:

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

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

**RIDER TO THE SONESTA RL HOTELS FRANCHISING INC.
FRANCHISE AGREEMENT AND RELATED AGREEMENTS FOR USE IN WASHINGTON**

THIS RIDER is by and between **SONESTA RL HOTELS FRANCHISING INC.**, a Washington corporation with its principal business address at 400 Centre Street, Newton, Massachusetts 02458 ("we," "us," or "our"), and _____, whose principal business address is _____ ("you" or "your").

BACKGROUND. We and you are parties to that certain Franchise Agreement dated _____, 20____ (the "Franchise Agreement") that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in the State of Washington; and/or (b) the Knights Inn Hotel that you will operate under the Franchise Agreement will be located in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

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

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

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the

franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

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

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

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

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

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

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

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

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

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

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

19. **Premises**.

a. Subsection (i) of the last sentence of Section 1 of the Conversion Rider (Exhibit C-1 to the Franchise Agreement) is deleted in its entirety.

b. Subsection (i) of the last sentence of Section 1 of the New Construction Rider (Exhibit C-2 to the Franchise Agreement) is deleted in its entirety.

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

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

US:
SONESTA RL HOTELS FRANCHISING INC.

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

Address: 400 Centre Street
Newton, Massachusetts 02458

Attention: Franchise Development Department

E-mail: franchiselegal@sonesta.com

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

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

Signature
Print Name: _____
Date: _____

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

Print Name of Legal Entity
By: _____
Signature

Print Name: _____
Title: _____
Date: _____

Address: _____

Attention: _____
Email: _____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Exempt
Hawaii	_____
Illinois	Exempt
Indiana	Pending
Maryland	Pending
Michigan	March 31, 2026
Minnesota	Pending
New York	Exempt
North Dakota	Exemption Pending
Rhode Island	Exemption Pending
South Dakota	March 31, 2026
Virginia	Exemption Pending
Washington	Exemption Pending
Wisconsin	March 31, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

**RECEIPT
(OUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sonesta RL Hotels Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sonesta RL Hotels Franchising Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sonesta RL Hotels Franchising Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458, (617) 421-5400. The franchise seller for this offering is:

- | | | |
|--|---|---|
| <input type="checkbox"/> Jason Yarbrough
Sonesta RL Hotels Franchising Inc.
400 Centre Street
Newton, Massachusetts 02458
(617) 421-5400 | <input type="checkbox"/> Phillip Hugh
Sonesta RL Hotels Franchising Inc.
400 Centre Street
Newton, Massachusetts 02458
(617) 421-5400 | <input type="checkbox"/> _____

_____ |
|--|---|---|

Issuance Date: March 31, 2026

See Exhibit A for Sonesta RL Hotels Franchising Inc.'s registered agents authorized to receive service of process.

I have received a disclosure document dated March 31, 2026, that included the following Exhibits:

- | | |
|--|---|
| Exhibit A - State Administrators/Agents for Service of Process | Exhibit G - List of Current Franchisee Outlets |
| Exhibit B - Franchise Agreement | Exhibit H - List of Franchisee Outlets Terminated, Not Renewed or Who Otherwise Left the System |
| Exhibit C - Table of Contents of Brand Manual | Exhibit I - Sample General Release |
| Exhibit D - Representations and Acknowledgment Statement | Exhibit J - Consent to Transfer |
| Exhibit E - Financial Statements | Exhibit K - State Addenda and Agreement Riders |
| Exhibit F - Guaranty of Performance | Exhibit L - Receipts |

Prospective Franchisee:

If a business entity:

Name of Business Entity

Signature: _____

Title: _____

Print Name: _____

Dated: _____

(Do not leave blank)

If an individual:

Print Name: _____

Dated: _____

(Do not leave blank)

Property located (or to be built) at _____
(street address) (city) (state) (zip code)

Please enter the address of the Property, sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email, to Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458, email: franchiselegal@sonesta.com.

**RECEIPT
(YOUR COPY)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Sonesta RL Hotels Franchising Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Sonesta RL Hotels Franchising Inc. or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our first personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Sonesta RL Hotels Franchising Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Sonesta RL Hotels Franchising Inc., 400 Centre Street, Newton, Massachusetts 02458, (617) 421-5400. The franchise seller for this offering is:

- | | | |
|--|---|---|
| <input type="checkbox"/> Jason Yarbrough
Sonesta RL Hotels Franchising Inc.
400 Centre Street
Newton, Massachusetts 02458
(617) 421-5400 | <input type="checkbox"/> Phillip Hugh
Sonesta RL Hotels Franchising Inc.
400 Centre Street
Newton, Massachusetts 02458
(617) 421-5400 | <input type="checkbox"/> _____

_____ |
|--|---|---|

Issuance Date: March 31, 2026

See Exhibit A for Sonesta RL Hotels Franchising Inc.'s registered agents authorized to receive service of process.

I have received a disclosure document dated March 31, 2026, that included the following Exhibits:

- | | |
|--|---|
| Exhibit A - State Administrators/Agents for Service of Process | Exhibit G - List of Current Franchisee Outlets |
| Exhibit B - Franchise Agreement | Exhibit H - List of Franchisee Outlets Terminated, Not Renewed or Who Otherwise Left the System |
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| Exhibit E - Financial Statements | Exhibit K - State Addenda and Agreement Riders |
| Exhibit F - Guaranty of Performance | Exhibit L - Receipts |

Prospective Franchisee:

If a business entity:

Name of Business Entity

Signature: _____
Title: _____
Print Name: _____
Dated: _____
(Do not leave blank)

If an individual:

Print Name: _____
Dated: _____
(Do not leave blank)

Property located (or to be built) at _____
(street address) (city) (state) (zip code)

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.