FRANCHISE DISCLOSURE DOCUMENT

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Franchisor:

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

Primrose School Franchising SPE, LLC offers franchises for the establishment, development, and operation of facilities operating under the Primrose Schools® mark, which provide learning and educational oriented activities, including child care services, to children from six weeks to twelve years old (each, a "**Facility**").

The total initial investment necessary to begin ownership of a Primrose® franchise ranges from $5,630,500 to $8,453,500 assuming your real estate affiliate purchases the premises for your Facility (under our Real Estate Development Program). This includes approximately $140,000 to $235,500 that must be paid to the franchisor or an affiliate. If you engage a developer or independent third party unaffiliated with you to develop the facility and lease both the real estate and improvements back to you under our Build-to-Suit program, the total initial investment necessary to begin ownership of a Primrose® franchise ranges from $651,900 to $1,464,000. This includes approximately $110,000 to $215,500 that must be paid to the franchisor or an affiliate. If you choose to develop the Facility in a building or space leased from an independent third party under our Permanent Lease Program, the total initial investment necessary to begin ownership of a Primrose® franchise ranges from $3,088,800 to $6,280,200. This includes approximately $140,000 to $260,500 that must be paid to the franchisor or an affiliate. If you have extensive real estate development and construction experience and we permit you to develop the Facility under our Independent Development Program, the total initial investment necessary to begin ownership of a Primrose® franchise ranges from $5,600,500 to $8,408,500. This includes approximately $110,000 to $190,500 that must be paid to the franchisor or an affiliate. If you open a facility though our Site First Program, the total initial investment necessary to begin ownership of a Primrose® franchise ranges from $735,900 to $1,284,000. This includes approximately $145,000 to $215,000 that must be paid to the franchisor or an affiliate. These different Programs for the development of a Facility are described in more detail in Item 1 of this Disclosure Document.

We may offer you the option to sign an "**Option Addendum**" that will give you the option to develop additional Facilities within a specific geographic area during a specified development period. When you sign the Option Addendum, you must pay us an option fee of $30,000 for each additional Facility that can be developed under the Option Addendum, and upon exercising each option, you must pay us our then-current initial franchise fee minus the portion of the option fee paid for the option on the Facility.

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

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

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

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

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

We issued this Disclosure Document on April 27, 2023.

How to Use This Franchise Disclosure Document

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

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

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

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

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

NOTICE TO OFFER FRANCHISE IN THE STATE OF MICHIGAN

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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EXHIBITS

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

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

Franchisor

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

Parents, Predecessors, and Affiliates

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

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

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

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

Except for the Franchises offered by PSFC in the past, none of the PHC Entities offer Franchises or have offered franchises in any line of business. Except for PSFC and PSFG, none of the PHC Entities provide products or services to our franchisees. None of the PHC Entities operate a business of the type that you will operate.

Securitization Transaction

PHC and its subsidiaries were restructured as part of a secured financing transaction that closed on August 21, 2019 (the "**Securitization Transaction**"). As part of the Securitization Transaction,

(i) we and PSF2 were organized;

(ii) PSFC assigned to PSF2 all existing franchise agreements and related agreements signed on or between June 6, 2008 and August 20, 2019 for Franchises that first opened (or will open) on or after June 6, 2008;

(iii) PSFC assigned to us all existing franchise agreements and related agreements (a) signed prior to June 6, 2008 or (b) for Franchises that first opened prior to June 6, 2008 (including any franchise agreements signed after the Franchise first opened as a result of a transfer or successor term);

(iv) we became the franchisor of all future franchise and related agreements, including any transfers or renewals made by PSF2's franchisees; and

(v) ownership and control of all Marks and certain intellectual property relating to the operation of Facilities were transferred from PSFC to us.

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

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

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

The Primrose® Franchise

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

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

The latest early learning research is incorporated into our exclusive, STEAM integrated Balanced Learning® approach. Our proprietary Balanced Learning® curriculum aligns with leading early childhood education philosophies and best practices and meets all state standards. The Balanced Learning® curriculum provides an environment with an emphasis on literacy instruction, hands-on learning activities, building a foundation for scientific and mathematical thinking, the integration of technology to support learning, music programming, and most importantly, on character development, essential life skills, and the development of confident, happy children.

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

The services offered by Facilities under the System are targeted to children between the ages of six weeks to twelve years, with emphasis on full-time day school and child care programs. Facilities also offer a wide array of other children's services throughout the year which include: "Summer Adventure Club" for the months of June, July, and August for children up to the age of twelve as well as the Explorer Program, an after-school program, that runs for the duration of the school year (September through May), for elementary school-aged children ranging from five to twelve years old.

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

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

in such position(s) must complete our training program and meet our minimum requirements and may be required to own an interest in Franchisee.

Programs and Agreements Related to Construction and Development of Facilities. We currently offer the following five main options for developing a Facility (each, a "**Program**" and, collectively, the "**Programs**"), which we must approve for your Facility. We may, in our sole discretion, restrict you from participating in certain Programs or may require you to participate in a certain Program. We also may, in our sole discretion, permit you to change from one Program to another Program, provided you execute any required addenda or documentation that we specify to document the change

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

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

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

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

Under the "**Permanent Lease Program**," (i) we will attempt to identify a site for the Facility that is owned by an unrelated landlord, (ii) if the site is acceptable to you, you will lease the site from the landlord pursuant to a lease that will be negotiated by you (which must include certain provisions required by us that are specified in the Franchise Agreement

and must be approved by us), (iii) we will provide certain real estate development services in preparation for construction, and (iv) you will develop the real property in accordance with our standards and the Franchise Agreement. To participate in the Program, you will sign the Amendment to Franchise Agreement (Permanent Lease Program) that is attached as Exhibit F to the Franchise Agreement.

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

Under the "**Build-to-Suit Program**," (i) you will identify a site for the Facility that is owned by, or will be purchased by, an unrelated third-party landlord that we approve (an "**Approved Developer**"), (ii) if the site is acceptable to us, you will cause the Approved Developer to acquire the site (if not already owned) and will lease the site from the Approved Developer pursuant to a lease that you will negotiate with the Approved Developer with the terms of the Franchise Agreement, and (iii) you will cause the Approved Developer to construct the Facility in accordance with our standards and the Franchise Agreement. Under this Program, we will have no responsibilities whatsoever with the site, acquisition of the site, or improvements constructed on the site, other than exercising the review and approval rights that are specified in the Franchise Agreement. To participate in the Build-to-Suit Program, you will sign the Amendment to Franchise Agreement (Build to Suit Program) that is attached as Exhibit E to the Franchise Agreement.

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

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

Site First Development Program. The Site First Program, which is only available in certain markets, may be preferable to you if you would like to have minimal involvement in the development process and would instead prefer to enter into a pre-negotiated lease for a move-in ready Facility that is owned by an Approved Developer.

Under the "**Site First Program**," (i) we will engage Approved Developers to acquire and develop a Facility in accordance with our standards, (ii) we will lease the Facility from the developer in accordance with a pre-negotiated lease (the **"Site First Lease**"), (iii) you will assume the Site First Lease and accept a move-in ready Facility that has been constructed to meet our standards, and (iv) you will be responsible for purchasing and installing signage, furniture, fixtures, and equipment and, if the Facility is converted from another school rather than newly built, performing any specified post-conversion modifications or

deferred maintenance. We will offer the Site First Program in only certain markets and may have a single Approved Developer in such markets. To participate in the Program, you will sign the Amendment to Franchise Agreement (Site First Program) that is attached as Exhibit H to the Franchise Agreement. In addition, our designated affiliate (currently, PSFC) will provide a rent guarantee, for which you must sign a rent guarantee agreement (the "**Rent Guarantee Agreement**"), the current form of which is attached to the Site First Lease in **Exhibit H.5** to this Disclosure Document.

A sample of a currently authorized form of the Site First Lease is attached as **Exhibit H.5** to this Disclosure Document, but the actual form used for a Facility may vary by Approved Developer and is subject to change. Typically, the Site First Lease will require you to pay the Approved Developer a $100,000 security deposit and monthly rent that will initially be equal to between 8.5% to 9.0% of the Approved Developer's total development costs divided by 12, which will be subject to change over time as a result of market factors.

In some markets, we may grant one or more Approved Developers the exclusive right to develop Facilities to be leased by such Approved Developer to our franchisees. If you wish to open a Facility in such market, you will be required to participate in the Site First Program. Currently, all Facilities in Boise, Idaho; Las Vegas, Nevada; Reno, Nevada; and Salt Lake City, Utah must be developed under the Site First Program, but we may add or remove markets in the future.

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

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

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

Primrose on Premise. We may, in our sole discretion, offer you the opportunity to operate a Primrose on Premise. A "**Primrose on Premise**" is a Facility operated within a building,

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

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

As a result of these differences, the operation of a Primrose on Premise may vary significantly from a traditional Facility. In this Disclosure Document, we do not describe all of the possible variances. If offered a Primrose on Premise, you should review the amendment to the Franchise Agreement carefully with your legal and financial advisors to fully understand all of the differences between it and the standard terms described in this Disclosure Document.

The Option Addendum. We may also offer you the opportunity to develop and operate additional Facilities within a specific geographic territory under an option addendum to your Franchise Agreement (the "**Option Addendum**"), the current form of which is attached as Exhibit C to the Franchise Agreement. The Option Addendum will specify an option area (the **"Option Area**"), within which you may develop Facilities, subject to our approval. The number of Facilities to be developed and the time periods in which the Facilities must be developed will be negotiated between you and us on a case-by-case basis. Each additional Facility developed under the Option Addendum will operate under an individual Franchise Agreement and other documents we require to be signed in connection with the development of a Facility (collectively, "**Franchise Documents**"). The Franchise Documents include (i) our then-current franchise agreement as of the time we deliver the Franchise Documents to you and (ii) the then-current form of other documents required by us as of the time we deliver the Franchise Documents to you, to be signed in connection with your exercise of an option for an additional Facility. Each Facility developed under the Option Addendum will be located and developed in accordance with the underlying Franchise Documents for that Facility.

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

Federal, state and local governmental laws, ordinances and regulations periodically change. It will be your responsibility to ascertain and comply with all federal, state, and local governmental requirements. We do not assume any responsibility for advising you on these regulatory or legal matters. You should consult with your attorney about laws and regulations that may affect your Facility.

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

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

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

Auntie Anne's franchises Auntie Anne's® shops that offer soft pretzels, lemonade, frozen drinks and related foods and beverages. In November 2010, the Auntie Anne's system became affiliated with Focus Brands through an acquisition. Auntie Anne's predecessor began offering franchises in January 1991. As of December 31, 2022, there were approximately 1,135 franchised facilities and 11 affiliate-owned facilities in the United States and approximately 775 franchised facilities operating outside the United States.

Carvel franchises Carvel® ice cream shoppes and is a leading retailer of branded ice cream cakes in the United States and a producer of premium soft-serve ice cream. The Carvel system became an Affiliated Program in October 2001 and became affiliated with Focus Brands in November 2004. Carvel's predecessor began franchising retail ice cream shoppes in 1947. As of December 31, 2022, there were 326 domestic retail shoppes (including 1 shoppe co-branded in a Schlotzsky's restaurant operated by our affiliate), 30 international retail shoppes, and 2 foodservice locations operated by independent third parties that offer Carvel® ice cream and frozen desserts including cakes and ice cream novelties.

Cinnabon franchises Cinnabon® bakeries that feature oven-hot cinnamon rolls, as well as other baked treats and specialty beverages. It also licenses independent third parties to operate domestic and international franchised Cinnabon® bakeries and Seattle's Best Coffee® franchises on military bases in the United States and in certain international countries, and to use the Cinnabon trademarks on products dissimilar to those offered in Cinnabon bakeries. In November 2004, the Cinnabon system became affiliated with Focus Brands through an acquisition. Cinnabon's predecessor began franchising in 1990. As of December 31, 2022, franchisees operated 950 Cinnabon retail outlets in the United

States and 918 Cinnabon retail outlets outside the United States and 178 Seattle's Best Coffee units outside the United States.

Jamba franchises Jamba® stores that feature a wide variety of fresh blended-to-order smoothies and other cold or hot beverages and offer fresh squeezed juices and portable food items to customers who come for snacks and light meals. Jamba has offered JAMBA® franchises since October 2018. In October 2018, Jamba became affiliated with Focus Brands through an acquisition. Jamba's predecessor began franchising in 1991. As of December 31, 2022, there were approximately 735 Jamba franchised stores and 3 affiliate-owned Jamba stores in the United States and 54 franchised Jamba stores outside the United States.

McAlister's franchises McAlister's Deli® restaurants which offer a line of deli foods, including hot and cold deli sandwiches, baked potatoes, salads, soups, desserts, iced tea and other food and beverage products. The McAlister's system became an Affiliated Program through an acquisition in July 2005 and became affiliated with Focus Brands in October 2013. McAlister's or its predecessor have been franchising since 1999. As of December 31, 2022, there were 492 domestic franchised McAlister's restaurants and 32 affiliate-owned restaurants operating in the United States.

Moe's franchises Moe's Southwest Grill® fast casual restaurants which feature fresh-mex and southwestern food. In August 2007, the Moe's system became affiliated with Focus Brands through an acquisition. Moe's predecessor began offering Moe's Southwest Grill franchises in 2001. As of December 31, 2022, there were 636 franchised Moe's Southwest Grill restaurants operating in the United States and one franchised restaurant operating outside the United States.

Schlotzsky's franchises Schlotzsky's® quick-casual restaurants which feature sandwiches, pizza, soups, and salads. Schlotzsky's signature items are its "fresh-from-scratch" sandwich buns and pizza crusts that are baked on-site every day. In November 2006, the Schlotzsky's system became affiliated with Focus Brands through an acquisition. Schlotzsky's restaurant franchises have been offered since 1976. As of December 31, 2022, there were 299 franchised Schlotzsky's restaurants and 27 affiliate-owned restaurants operating in the United States.

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

Arby's is a franchisor of quick-serve restaurants operating under the Arby's® trade name and business system that feature slow-roasted, freshly sliced roasted beef and other deli-style sandwiches. In July 2011, Arby's became an Affiliated Program through an acquisition. Arby's has been franchising since 1965. As of January 1, 2023, there were approximately 3,415 Arby's restaurants operating in the United States (2,305 franchised and 1,110 company-owned), and 174 franchised Arby's restaurants operating internationally. Predecessors and former affiliates of Arby's have, in the past, offered franchises for other restaurant concepts including T.J. Cinnamons® stores that served gourmet baked goods. All of the T.J. Cinnamons locations have closed.

Buffalo Wild Wings is a franchisor of sports entertainment-oriented casual sports bars that feature chicken wings, sandwiches, and other products, alcoholic and other beverages, and related services under Buffalo Wild Wings® name ("**Buffalo Wild Wings Sports Bars**") and restaurants that feature chicken wings and other food and beverage products primarily for off-premises consumption under the Buffalo Wild Wings GO name ("**BWW-GO Restaurants**"). Buffalo Wild Wings has offered franchises for Buffalo Wild Wings Sports Bars since April 1991 and for BWW-GO Restaurants since December 2020. As of January 1, 2023, there were 1,189 Buffalo Wild Wings Sports Bars operating in the United States (530 franchised and 659 company-owned) and 75 Buffalo Wild Wings or B-Dubs restaurants operating outside the United States (63 franchised and 12 company-owned). As of January 1, 2023, there were 41 BWW-GO Restaurants operating in the United States (4 franchised and 37 company-owned).

Sonic is the franchisor of Sonic Drive-In® restaurants, which serve hot dogs, hamburgers and other sandwiches, tater tots and other sides, a full breakfast menu and frozen treats and other drinks. Sonic became an Affiliated Program through an acquisition in December 2018. Sonic has offered franchises for Sonic restaurants since May 2011. As of January 1, 2023, there were 3,546 Sonic Drive-Ins (3,221 franchised and 325 company-owned) in operation.

Jimmy John's is a franchisor of restaurants operating under the Jimmy John's® trade name and business system that feature high-quality deli sandwiches, fresh baked breads, and other food and beverage products. Jimmy John's became an Affiliated Program through an acquisition in October 2016 and became part of Inspire Brands by merger in 2019. Jimmy John's and its predecessor have been franchising since 1993 and, as of January 1, 2023, had 2,637 restaurants operating in the United States (2,597 franchised and 40 affiliate-owned).

Dunkin' is a franchisor of Dunkin'® restaurants that offer doughnuts, coffee, espresso, breakfast sandwiches, bagels, muffins, compatible bakery products, croissants, snacks, sandwiches and beverages. Dunkin' became an Affiliated Program through an acquisition in December 2020. Dunkin' has offered franchises in the United States and certain international markets for Dunkin' restaurants since March 2006. As of January 1, 2023, there were 8,087 single-branded franchised Dunkin' restaurants operating in the United States and an additional 3,872 operating in 37 countries.

Baskin-Robbins franchises Baskin-Robbins® restaurants that offer ice cream, ice cream cakes and related frozen products, beverages and other products and services. Baskin-Robbins became an Affiliated Program through an acquisition in December 2020. Baskin-Robbins has offered franchises in the United States and certain international markets for Baskin-Robbins restaurants since March 2006. As of January 1, 2023, there were 1,001

single-branded franchised Baskin-Robbins restaurants in the United States and an additional 5,349 operating internationally in 37 countries and Puerto Rico. As of January 1, 2023, there were 1,252 Dunkin' and Baskin-Robbins combo restaurants in the United States.

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

ME SPE Franchising, LLC (**"Massage Envy"**) is a franchisor of businesses that offers professional therapeutic massage services, facial services and related goods and services under the name "Massage Envy®" since 2019. Massage Envy's principal place of business is 14350 North 87th Street, Suite 200, Scottsdale, Arizona 85260. Massage Envy's predecessor began operation in 2003, commenced franchising in 2010, and became an Affiliated Program through an acquisition in 2012. As of December 31, 2022, there were 1,083 Massage Envy locations operating in the United States, including 1073 operated as total body care Massage Envy businesses and 10 operated as traditional Massage Envy businesses. Additionally, Massage Envy's predecessor previously sold franchises for regional developers, who acquired a license for a defined region in which they were required to open and operate a designated number of Massage Envy locations either by themselves or through franchisees that they would solicit. As of December 31, 2022, there were 10 regional developers operating 12 regions in the United States. Massage Envy has not offered franchises in any other line of business.

CKE Inc. (**"CKE"**), through two indirect wholly-owned subsidiaries (Carl's Jr. Restaurants LLC and Hardee's Restaurants LLC), owns, operates and franchises quick serve restaurants operating under the Carl's Jr.® and Hardee's ® trade names and business systems. Carl's Jr. restaurants and Hardee's restaurants offer a limited menu of breakfast, lunch and dinner products featuring charbroiled 100% Black Angus Thickburger® sandwiches, Hand-Breaded Chicken Tenders, Made from Scratch Biscuits and other related quick serve menu items. A small number of Hardee's Restaurants offer Green Burrito® Mexican food products through a Dual Concept Restaurant. A small number of Carl's Jr. Restaurants offer Red Burrito® Mexican food products through a Dual Concept Restaurant. CKE Inc.'s principal place of business is 6700 Tower Circle, Suite 1000, Franklin, Tennessee. In December 2013, CKE Inc. became an Affiliated Program through an acquisition. Hardee's restaurants have been franchised since 1961. As of January 30, 2023, there were 195 company-operated Hardee's restaurants, including 4 Hardee's/Red Burrito Dual Concept restaurants, and there were 1,512 domestic franchised Hardee's restaurants, including 146 Hardee's/Red Burrito Dual Concept restaurants. Additionally, there were 429 franchised Hardee's restaurants operating outside the United States. Carl's Jr. restaurants have been franchised since 1984. As of January 30, 2023, there were 48 company-operated Carl's Jr. restaurants, and there were 1,020 domestic franchised Carl's Jr. restaurants, including 266 Carl's Jr./Green Burrito Dual Concept

restaurants. In addition, there were 620 franchised Carl's Jr. restaurants operating outside the United States. Neither CKE nor its subsidiaries that operate the above-described franchise systems have offered franchises in any other line of business.

Driven Holdings, LLC ("**Driven Holdings**") is the indirect parent company to 10 franchisors, including Meineke Franchisor SPV LLC ("**Meineke**"), Maaco Franchisor SPV LLC ("**Maaco**"), Drive N Style Franchisor SPV LLC ("**DNS**"), Merlin Franchisor SPV LLC ("**Merlin**"), Econo Lube Franchisor SPV LLC ("**Econo Lube**"), 1-800-Radiator Franchisor SPV LLC ("**1-800-Radiator**"), CARSTAR Franchisor SPV LLC ("**CARSTAR**"), Take 5 Franchisor SPV LLC ("**Take 5**"), ABRA Franchisor SPV LLC ("**ABRA**") and FUSA Franchisor SPV LLC ("**FUSA**"). In April 2015, Driven Holdings and its franchised brands at the time (Meineke, Maaco, DNS, Merlin and Econo Lube) became Affiliated Programs through an acquisition. Subsequently, through acquisitions in June 2015, October 2015, March 2016, September 2019, and April 2020, respectively, the 1-800-Radiator, CARSTAR, Take 5, ABRA and FUSA brands became Affiliated Programs. The principal business address of Meineke, Maaco, DNS, Econo Lube, Merlin, CARSTAR, Take 5, ABRA and FUSA is 440 South Church Street, Suite 700, Charlotte, North Carolina 28202. 1-800-Radiator's principal business address is 4401 Park Road, Benicia, California 94510. All 10 franchisors have not offered franchises in any other line of business.

Meineke franchises automotive centers which offer to the general public automotive repair and maintenance services that it authorizes periodically. These services currently include repair and replacement of exhaust system components, brake system components, steering and suspension components (including alignment), belts (V and serpentine), cooling system service, CV joints and boots, wiper blades, universal joints, lift supports, motor and transmission mounts, trailer hitches, air conditioning, state inspections, tire sales, tune ups and related services, transmission fluid changes and batteries. Meineke and its predecessors have offered Meineke center franchises since September 1972, and Meineke's affiliate has owned and operated Meineke centers on and off since March 1991. As of December 31, 2022, there were 703 Meineke centers, 22 Meineke centers co-branded with Econo Lube, and no company-owned Meineke centers or company-owned Meineke centers co-branded with Econo Lube operating in the United States.

Maaco and its predecessors have offered Maaco center franchises since February 1972 providing automotive collision and paint refinishing. As of December 31, 2022, there were 397 franchised Maaco centers and no company-owned Maaco centers in the United States.

DNS is the franchisor of 3 franchise systems: Drive N Style® franchises, AutoQual® franchises and Aero Colours® franchises. DNS and its predecessors have offered Drive N Style franchises since October 2006. A Drive N Style business offers both interior and exterior reconditioning and maintenance services, exterior paint repair and refinishing services and interior and exterior protection services for consumer vehicles. As of December 31, 2022, there were 30 Drive N Style franchises and no company-owned Drive N Style businesses in the United States. DNS and its predecessors have offered AutoQual franchises since February 2008. AutoQual businesses offer various services relating to the interior of automotive vehicles, including, among other things, cleaning, deodorizing, dyeing, and masking of carpets, seats, and trim. As of December 31, 2022, there were 5 AutoQual franchises and no company-owned AutoQual businesses in the United States. DNS and its predecessors have offered Aero Colours franchises since 1998. Aero Colours businesses offer various services related to the exterior of automotive

vehicles, including paint touch-up, repair and refinishing that is performed primarily on cars at automobile dealerships or at the customer's home or place of business. As of December 31, 2022, there was 1 Aero Colours franchise and no company-owned Aero Colours businesses in the United States.

Merlin franchises shops which provide automotive repair services specializing in vehicle longevity, including the repair and replacement of automotive exhaust, brake parts, ride and steering control system and tires. Merlin and its predecessors offered franchises from July 1990 to February 2006 under the name "Merlin Muffler and Brake Shops," and have offered franchises under the name "Merlin Shops" since February 2006. As of December 31, 2022, there were 24 Merlin franchises and no company-owned Merlin shops located in the United States.

Econo Lube offers franchises that provide oil change services and other automotive services including brakes, but not including exhaust systems. Econo Lube's predecessor began offering franchises in 1980 under the name "Muffler Crafters" and began offering franchises under the name "Econo Lube N' Tune" in 1985. As of December 31, 2022, there were 10 Econo Lube N' Tune franchises and 12 Econo Lube N' Tune franchises co-branded with Meineke centers in the United States, which are predominately in the western part of the United States, including California, Arizona, and Texas, and no company-owned Econo Lube N' Tune locations in the United States.

1-800-Radiator franchises distribution warehouses selling radiators, condensers, air conditioning compressors, fan assemblies and other automotive parts to automotive shops, chain accounts and retail consumers. 1-800-Radiator and its predecessor have offered 1-800-Radiator franchises since 2004. As of December 31, 2022, there were 196 1-800-Radiator franchises in operation in the United States. 1-800-Radiator's affiliate has owned and operated 1-800-Radiator warehouses since 2001 and, as of December 31, 2022, owned and operated 1 1-800-Radiator warehouse in the United States.

CARSTAR offers franchises for full-service automobile collision repair facilities providing repair and repainting services for automobiles and trucks that suffered damage in collisions. CARSTAR's business model focuses on insurance-related collision repair work arising out of relationships it has established with insurance company providers. CARSTAR and its affiliates first offered conversion franchises to existing automobile collision repair facilities in August 1989 and began offering franchises for new automobile repair facilities in October 1995. As of December 31, 2022, there were 445 franchised CARSTAR facilities and no company-owned facilities operating in the United States.

Take 5 franchises motor vehicle centers that offer quick service, customer-oriented oil changes, lubrication and related motor vehicle services and products. Take 5 commenced offering franchises in March 2017, although the Take 5 concept started in 1984 in Metairie, Louisiana. As of December 31, 2022, there were 228 franchised Take 5 outlets operating in the United States. An affiliate of Take 5 currently operates approximately 575 Take 5 outlets and outlets that operate under other brands, many of which may be converted to the Take 5 brand and operating platform in the future.

ABRA franchises repair and refinishing centers that offer high quality auto body repair and refinishing and auto glass repair and replacement services at competitive prices. ABRA and its predecessor have offered ABRA franchises since 1987. As of December 31, 2022,

there were 58 franchised ABRA repair centers and no company-owned repair centers operating in the United States.

FUSA franchises collision repair shops specializing in auto body repair work and after-collision services. FUSA has offered Fix Auto shop franchises since July 2020, although its predecessors have offered franchise and license arrangements for Fix Auto shops on and off from April 1998 to June 2020. As of December 31, 2022, there were 180 franchised Fix Auto repair shops operating in the United States, 9 of which are operated by FUSA's affiliate pursuant to a franchise agreement with FUSA.

Driven Holdings is also the indirect parent company to the following franchisors that offer franchises in Canada: (1) **Meineke Canada SPV LP** and its predecessors have offered Meineke center franchises in Canada since August 2004; (2) **Maaco Canada SPV LP** and its predecessors have offered Maaco center franchises in Canada since 1983; (3) **1-800-Radiator Canada, Co.** has offered 1-800-Radiator warehouse franchises in Canada since April 2007; (4) **Carstar Canada SPV LP** and its predecessors have offered CARSTAR franchises in Canada since September 2000; (5) **Take 5 Canada SPV LP** and its predecessor have offered Take 5 franchises in Canada since November 2019; (6) **Driven Brands Canada Funding Corporation** and its predecessors have offered UniglassPlus and Uniglass Express franchises in Canada since 1985 and 2015, respectively, Vitro Plus and Vitro Express franchises in Canada since 2002, and Docteur du Pare Brise franchises in Canada since 1998; (7) **Go Glass Franchisor SPV LP** and its predecessors have offered Go! Glass & Accessories franchises since 2006 and Go! Glass franchises since 2017 in Canada; and (8) **Star Auto Glass Franchisor SPV LP** and its predecessors have offered Star Auto Glass franchises in Canada since approximately 2012. These franchisors have not offered franchises in any other line of business.

As of December 31, 2022, there were: (i) 25 franchised Meineke centers and no company-owned Meineke centers in Canada; (ii) 21 franchised Maaco centers and no company-owned Maaco centers in Canada; (iii) 8 1-800-Radiator franchises and no company-owned 1-800-Radiator locations in Canada; (iv) 319 franchised CARSTAR facilities and no company-owned CARSTAR facilities in Canada; (v) 30 franchised Take 5 outlets and 7 company-owned Take 5 outlets in Canada; (vi) 38 franchised UniglassPlus businesses, 31 franchised UniglassPlus/Ziebart businesses, and no franchised Uniglass Express businesses in Canada, and 4 company-owned UniglassPlus businesses and 1 company-owned UniglassPlus/Ziebart business in Canada; (vii) 7 franchised VitroPlus businesses, 62 franchised VitroPlus/Ziebart businesses, and 4 franchised Vitro Express businesses in Canada, and 4 company-owned VitroPlus businesses and no company-owned VitroPlus/Ziebart businesses in Canada; (viii) 33 franchised Docteur du Pare Brise businesses and no company-owned Docteur du Pare Brise businesses in Canada; (ix) 10 franchised Go! Glass & Accessories businesses and 1 franchised Go! Glass business in Canada, and 8 company-owned Go! Glass & Accessories businesses and no company-owned Go! Glass businesses in Canada; and (x) 8 franchised Star Auto Glass businesses and no company-owned Star Auto Glass businesses in Canada.

ServiceMaster Systems LLC is the direct parent company to five franchisors operating in the United States: Merry Maids SPE LLC ("**Merry Maids**"), ServiceMaster Clean/Restore SPE LLC ("**ServiceMaster**") and Two Men and a Truck SPE LLC ("**Two Men and a Truck**"). AmeriSpec, Furniture Medic, Merry Maids, and ServiceMaster became Affiliated Programs through an acquisition in December 2020. Two Men and a Truck became an Affiliated Program through an acquisition on August 3, 2021.The three franchisors have a principal

place of business at One Glenlake Parkway, Suite 1400, Atlanta, Georgia 30328 and have never offered franchises in any other line of business.

Merry Maids franchises residential house cleaning businesses under the Merry Maids® mark. Merry Maids' predecessor began business and started offering franchises in 1980. As of December 31, 2022, Merry Maids had 967 franchises in the United States.

ServiceMaster franchises (i) businesses that provide disaster restoration and heavy-duty cleaning services to residential and commercial customers under the ServiceMaster Restore® mark and (ii) businesses that provide contracted janitorial services and other cleaning and maintenance services under the ServiceMaster Clean® mark. ServiceMaster's predecessor began offering franchises in 1952. As of December 31, 2022, ServiceMaster had operating in the United States 671 ServiceMaster Clean franchises and 2,157 ServiceMaster Restore franchises operating in the United States.

Two Men and a Truck franchises (i) businesses that provide moving services and related products and services, including packing, unpacking and the sale of boxes and packing materials under the Two Men and a Truck® mark and (ii) businesses that provide junk removal services under the Two Men and a Junk Truck™ mark. Two Men and a Truck's predecessor began offering moving franchises in February 1989. Two Men and a Truck began offering Two Men and a Junk Truck franchises in 2023. As of December 31, 2022, there were 293 Two Men and a Truck franchises and three company-owned locations operating in the United States. As of December 31, 2022, there were not any Two Men and a Junk Truck franchises or company-owned locations in operation.

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

NBC Franchisor LLC ("**NBC**") franchises gourmet bakeries which offer and sell specialty bundt cakes, other food items and retail merchandise under the Nothing Bundt Cakes® mark. NBC's predecessor began offering franchises in May 2006. NBC became an Affiliated Program through an acquisition in May 2021. NBC has a principal place of business at 4560 Belt Line Road, Suite 350, Addison, Texas 75001. As of December 31, 2022, there were 459 Nothing Bundt Cake franchises and 16 company-owned locations operating in the United States. NBC has never offered franchises in any other line of business.

Mathnasium Center Licensing, LLC ("Mathnasium") franchises learning centers that provide math instruction using the Mathnasium® system of learning. Mathnasium began offering franchises in late 2003. Mathnasium became an Affiliated Program through an acquisition in November 2021. Mathnasium has a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056. As of December 31, 2022, there were 952 Mathnasium franchises in the United States and its parent company operated three Mathnasium centers in the United States. Mathnasium has never offered franchises in any other line of business. Affiliates of Mathnasium Center Licensing, LLC also offer franchises for operation outside the United States.

Mathnasium Center Licensing Canada, Inc. has offered franchises for Mathnasium centers in Canada since May 2014. As of December 31, 2022, there were 87 franchised Mathnasium centers in Canada. **Mathnasium International Franchising, LLC** has

offered franchises outside the United States and Canada since May 2015. As of December 31, 2022, there were 65 franchised Mathnasium centers outside the United States and Canada. Mathnasium Center Licensing, LLC, Mathnasium Center Licensing Canada, Inc. and Mathnasium International Franchising, LLC have a principal place of business at 5120 West Goldleaf Circle, Suite 400, Los Angeles, California 90056 and none of them has ever offered franchises in any other line of business.

i9 Sports, LLC (**"i9"**) franchises businesses that operate, market, sell and provide amateur sports leagues, camps, tournaments, clinics, training, development, social activities, special events, products and related services under the i9 Sports® mark. i9 began offering franchises in November 2003. i9 became an Affiliated Program through an acquisition in September 2021. i9 has a principal place of business at 9410 Camden Field Parkway, Riverview, Florida 33578. As of December 31, 2022, there were 218 i9 Sports franchises and one company-owned location. i9 has never offered franchises in any other line of business.

SafeSplash Brands, LLC (also known as "**Streamline Brands**") offers franchises under the SafeSplash Swim School® brand and operates under the SwimLabs® and Swimtastic® brands, all of which provide "learn to swim" programs for children and adults, birthday parties, summer camps, other swimming-related activities. Streamline Brands has offered swim school franchises under the SafeSplash Swim School brand since August 2014. Streamline Brands offered franchises under the Swimtastic brand since August 2015 through March 2023 and under the SwimLabs brand from February 2017 through March 2023. Streamline Brands became an Affiliated Program through an acquisition in June 2022 and has a principal place of business at 12240 Lioness Way, Parker, Colorado 80134. As of December 31, 2022, there were 110 franchised and company-owned SafeSplash Swim School outlets (included 12 outlets that are dual-branded with SwimLabs), 11 franchised and licensed SwimLabs swim schools, 11 franchised Swimtastic swim schools and one dual-branded Swimtastic and SwimLabs swim school operating in the United States. Streamline Brands has never offered franchises in any other line of business.

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

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

ITEM 2. BUSINESS EXPERIENCE

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

Chief Executive Officer and Manager: Mary Jo Kirchner

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

President and Manager: Steven Clemente

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

Chief Financial Officer: Josh Greear

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

General Counsel and Secretary: Kristin Goran

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

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

Annette Heng has served as the Chief School Excellence Officer of PSFC since February 2019. Ms. Heng served as PSFC's Senior Vice President, School Excellence from September 2016 to February 2019.

Chief Development Officer of PSFC: Nick Koros

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

Chief Marketing Officer of PSFC: Tim Roush

Tim Roush has served as the Chief Marketing Officer of PSFC since January 2020. From July 2017 to September 2019, Mr. Roush served as an Adjunct Professor of Marketing for Westminster College in Salt Lake City, Utah. From September 2018 to March 2019, Mr. Roush was the Chief Revenue Officer Consultant for Owlet Baby Care in Lehi, Utah. From February 2013 to April 2018, Mr. Roush was the Chief Marketing Officer for 1-800 Contacts, Inc. in Draper, Utah.

Chief Early Learning Strategy Officer of PSFC: Amy Jackson

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

the Vice President, Learning & Development for Illuminate Education in Irvine, California. From August 2017 to April 2018, she was the Director, Research Policy for Illuminate Education in Irvine, California.

Vice President, Strategic Development of PSFC: Tim Waldsmith

Tim Waldsmith has served as the Vice President, Strategic Development of PSFC since March 2020. Mr. Waldsmith served as the Vice President, Primrose on Premise from December 2017 to March 2020.

ITEM 3. LITIGATION

Disclosures Regarding Affiliated Programs

The following affiliates who offer franchises resolved actions brought against them with settlements that involved their becoming subject to currently effective injunctive or restrictive orders or decrees. None of these actions have any impact on us or our brand nor allege any unlawful conduct by us.

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

The People of the State of California v. Dunkin' Brands, Inc. (California Superior Court, Los Angeles County, Case No. E25636618, filed on March 19, 2019). On March 14, 2019, our affiliate, Dunkin Brands, Inc. ("**DBI**"), entered into a settlement agreement with the Attorneys General of 13 states and jurisdictions concerning the inclusion of "no-poaching" provisions in Dunkin' restaurant franchise agreements. The settling states and jurisdictions included California, Illinois, Iowa, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Vermont, and the District of Columbia. A small number of franchise agreements in the Dunkin' system prohibit Dunkin' franchisees from hiring the employees of other Dunkin' franchisees and/or DBI's employees. A larger number of franchise agreements in the Dunkin' system contain a no-poaching provision that prevents Dunkin' franchisees and DBI from hiring each other's employees. Under the terms of the settlement, DBI agreed not to enforce either version of the no-poaching provision or assist Dunkin's franchisees in enforcing that provision. In

addition, DBI agreed to seek the amendment of 128 franchise agreements that contain a no-poaching provision that bars a franchisee from hiring the employees of another Dunkin' franchisee. The effect of the amendment would be to remove the no-poaching provision. DBI expressly denied in the settlement agreement that it had engaged in any conduct that had violated state or federal law and, furthermore, that the settlement agreement should not be construed as an admission of law, fact, liability, misconduct, or wrongdoing on the part of DBI. The Attorney General of the State of California filed the above-reference lawsuit in order to place the settlement agreement in the public record, and the action was closed after the court approved the parties' stipulation of judgment.

New York v. Dunkin' Brands, Inc. (N.Y. Supreme Court for New York County, Case No. 451787/2019, filed September 26, 2019). In this matter, the N.Y. Attorney General ("**NYAG**") filed a lawsuit against our affiliate, DBI, related to credential-stuffing cyberattacks during 2015 and 2018. The NYAG alleged that the cyber attackers used individuals' credentials obtained from elsewhere on the Internet to gain access to certain information for DD Perks customers and others who had registered a Dunkin' gift card. The NYAG further alleged that DBI failed to adequately notify customers and to adequately investigate and disclose the security breaches, which the NYAG alleged violated the New York laws concerning data privacy as well as unfair trade practices. On September 21, 2020, without admitting or denying the NYAG's allegations, DBI and the NYAG entered into a consent agreement to resolve the State's complaint. Under consent order, DBI agreed to pay $650,000 in penalties and costs, issue certain notices and other types of communications to New York customers, and maintain a comprehensive information security program through September 2026, including precautions and response measures for credential-stuffing attacks.

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

ITEM 4. BANKRUPTCY

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

ITEM 5. INITIAL FEES

Initial Franchise Fee

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

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

The Initial Fee is payable when you sign your Franchise Agreement and, except as otherwise provided in this Item 5, is not refundable. In the fiscal year ended December 31, 2022, we charged Initial Fees ranging from $0 to $80,000.

Real Estate Fees

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

If your Real Estate Affiliate (i) executes a construction contract that we approve with a general contractor within eight weeks after we begin soliciting construction bids and (ii) secures acquisition, construction and permanent equity and debt financing on terms acceptable to us within 45 days after we give written notice requesting that the Real Estate Affiliate begin the process of securing such financing, the remaining Real Estate Fee due at Closing will be reduced to $30,000.

Permanent Lease Program. Under the Franchise Agreement, you must pay us a Real Estate Fee of $70,000. The Real Estate Fee is payable in two installments, with a Real Estate Fee Deposit equal to $25,000 payable at the time of the signing the Franchise Agreement and the remaining $45,000 payable at the Closing. If you (i) execute a construction contract with a general contractor within eight weeks after we begin soliciting construction bids and (ii) secure acquisition, construction and permanent equity and debt financing on terms acceptable to us within 45 days after we give written notice requesting that you begin the process of securing such financing, the remaining Real Estate Fee due at Closing will be reduced to $30,000.

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

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

Refundability of Initial Fees and Real Estate Fees

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

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

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

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

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

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

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

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

Training Fees and Opening Support Fees

You must also pay us an initial training and opening support services fee (the "**Initial Training and Opening Support Fee**") of $35,000, which covers Initial Training and Opening Support ("**ITOS**") services that we will provide. ITOS services include our initial training program and new franchise owner orientation ("**Initial Training**") for up to two trainees (two Owners or other representatives that we designate or approve) and additional support services during the opening of your Facility. We may charge existing franchisees who meet certain criteria a reduced Initial Training and Opening Support Fee of $18,000. New and existing franchisees must pay an Initial Training and Opening Support Fee deposit of $5,000 upon signing the Franchise Agreement, with the balance of the Initial Training and Opening Support Fee due at the Closing. We require your Multi-School Managers and may require or permit additional Owners or your Directors, to attend Initial Training for an additional fee, which is currently $3,500 per each additional attendee over the first two trainees. The Initial Training and Opening Support Fee and any other training fees paid by you for additional representatives who attend Initial Training are not refundable. These fees are uniform for all new franchisees. If we determine, in our sole discretion, that you have not satisfactorily completed any part of the required training, we have

the right to terminate your Franchise Agreement and the Initial Training and Opening Support Fee deposit will be retained by us.

Development Expenses

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

The Development Expenses are due to us at the Closing. However, we may require you or the Real Estate Affiliate to pay immediately to us the accrued Development Expenses within 10 days after the date we send an invoice for such amount. If the Closing does not occur or if we incur additional Development Expenses after Closing, you and your Real Estate Affiliate must pay us the Development Expenses within 10 days after the date we send an invoice for such amount. You and your Real Estate Affiliate or Approved Developer are responsible for all other costs and expenses associated with the development of the Site and the construction of the Facility, which are further described in Item 7.

Site First Program. Under the Site First Program, once you accept a site, you will be obligated to reimburse us for the Development Expenses we incur related to such site (including interest but excluding rent that we may owe under the Site First Lease). If you do not open a Facility at such site for any reason (including if a situation arises in which it is determined that it will not be feasible to develop a Facility at such site), you will remain responsible for reimbursing us for any Development Expenses we have incurred related to such site. In addition, if you accept a substitute site, you will be responsible for reimbursing us for any Development Expenses we incur in connection with such substitute site. You must pay us our Development Expenses within ten days after we send you an invoice, which will occur upon delivery of the premises to you or upon the determination that the site is no longer deemed to be feasible. We also may require you to establish a reserve account with us to ensure reimbursement of the Development Expenses.

National Architect Fee

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

the release of prototype plans to your architects and (ii) a fee of $2,500 to review your architect's proposed plans, including subsequent change orders.

Rent Guarantee

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

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

Option Fees under Option Addendum

The total amount of the option fee varies based on the number of Facilities you obtain the option to develop. If you sign an Option Addendum, you must pay an option fee equal to $30,000 for each Facility you obtain the option to develop under the Option Addendum. Each time you exercise an option for a Facility, you must pay us our then-current initial franchise fee minus the portion of the option fee paid for the option on the Facility. If (i) we modify the Option Area as permitted in the Option Addendum and (ii) you reject the modified Option Area or you fail to respond to our notice to you asking if you would accept the modified Option Area, the Option Addendum will terminate and we will refund the portion of the option fee that you have already paid for any additional Facilities for which you have not yet exercised your option as of the date of termination. The option fee is otherwise not refundable. The fee is uniform for all franchisees purchasing franchises under this Disclosure Document.

Grand Opening Marketing

You must spend a minimum amount that we specify after the site has been selected for grand opening advertising, including advertising and promotional activities that you will conduct prior to operating your Facility (the "**Minimum Grand Opening Amount**"). The Minimum Grand Opening Amount will be determined by Franchisor, in its sole discretion, and will range from $40,000 to $100,000 for new Facilities and $15,000 to $100,000 for Conversion Facilities. We will consider factors including media costs in your market, size of your market, the capacity of your Facility, your experience, other child care centers in the surrounding area, and, for

Conversion Facilities, whether the Facility had been closed prior to the conversion in determining the Minimum Grand Opening Amount for your Facility. You must spend the Minimum Grand Opening Amount within the period from six months before to six months after the date the Facility opens (the "**Opening Date**"). For Conversion Facilities that were in operation prior to the conversion, the Minimum Grand Opening Amount must be spent in the 12 months after the Opening Date. We may require you to deposit up to the full minimum required amount for grand opening advertising with us at a specified time prior to the Opening Date, and we will spend such money on grand opening marketing on your behalf.

ITEM 6. OTHER FEES

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

Name of Fee	Amount	Due Date	Remarks
Continuing Services and Royalty Fee (the "**Royalty Fee**")	7% of Gross Revenues[1]	Payable monthly on the 10th day of the next month	For the definition of Gross Revenues, see Note 1.
Primrose® Brand Fund Fee (the "**Brand Fund Fee**")	Currently, 2% of Gross Revenues, but may be increased by us at any time, but not more than a total of 3% of Gross Revenues	Payable monthly on the 10th day of the next month	Used to contribute to the Primrose® Brand Fund (the "**Brand Fund**"), which is described in Item 11.
Local Advertising	1% of Gross Revenues for the preceding month or $1,000, whichever is greater	Payable as incurred	You must spend this amount each month on approved local community awareness, advertising, and public relations, community involvement activities, sponsorships, business partnerships and promotions in accordance with marketing plans that you submit to us ("**Approved Local Advertising**").
Cooperative Contributions	1% of Gross Revenues for the previous month, unless members of the Cooperative agree to a higher amount	Payable as defined by the Cooperative	If we establish a market level business cooperative (a "**Cooperative**") in your market, you must join and make contributions to the Cooperative. Currently, all markets with five or more Facilities will have a Cooperative. Cooperatives may pool resources for advertising or other common purposes. If we operate company-owned Facilities in the future (which we have no plans to do), we expect that each Facility will contribute to and vote in a Cooperative.
Cognia™ Accreditation	Currently, $900	Payable on demand	You must pay this amount each school year to maintain Cognia™ accreditation.

Name of Fee	Amount	Due Date	Remarks
Late Fee	Interest at 1.5% per month, plus a 5% late fee on past due amounts, along with NSF charges	Payable on demand	Applies to all payments to be made by you to us.
Transfer Fee (the "**Transfer Fee**")	For any Control Transfer, (i) you must pay a transfer fee of 40% of the then-current Initial Fee for existing franchisees purchasing a new Facility, plus all costs and expenses incurred by us and (ii) your transferee must pay a non-refundable Initial Fee equal to 60% of the then-current Initial Fee for existing franchisees purchasing a new Facility. For a transfer that is not a Control Transfer, you must pay our then-current transfer fee for transfers that do not result in a Control Transfer (currently, per Franchise Agreement, $3,250 for each new Owner added and $1,250 for each Owner removed).	Payable at closing	Payable if there is a transfer of any direct or indirect legal or beneficial ownership interest in the Franchise Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of your Entity. A "**Control Transfer**" occurs if there is a transfer of (i) any interest in the Franchise Agreement, (ii) the Facility or substantially all of its assets, or (iii) any interests that result in a change in control of your Entity. For a Control Transfer, we may require you to pay us or a third party, prior to the closing of such transfer, an inspection fee between $1,000 and $3,000 to cover the costs of inspecting your Facility.
Transfer Training and Support Fee	The transfer training and support fee is the same amount as our Initial Training and Opening Support Fee. Currently, this amount is $35,000.	$5,000 must be paid at least 10 days prior to the Owners attending Initial Training, with the balance due at closing of the transfer	In the event that you transfer a Facility to an existing franchisee who meets certain previous training requirements, we may charge a reduced transfer training fee of $18,000.
Successor Term Fee	10% of our then-current Initial Fee for existing franchisees purchasing a new Facility	Prior to the expiration of the initial term	Payable if you enter into a successor term.

Name of Fee	Amount	Due Date	Remarks
Successor Term Training Fee	Currently, the successor term training fee is $5,000, which covers training for two Owners	Within one year (before or after) the expiration of the initial term	If more than two Owners are trained, you must pay an additional fee of $1,250 per additional Owner.
Additional Training Fee (the "**Additional Training Fee**")	Our current hourly rate, plus all costs and expenses that we incur (currently, $100 per hour for each trainer, not to exceed $750 per day for each trainer; subject to adjustment upon 30 days' written notice)	Payable when services are provided	Payable if we provide additional training to your existing or future employees.
Conference and Meeting Registration Fees	Our current rate per attendee. Currently, the fee for meetings and conferences ranges from $500 to $1,000 per attendee, but it is subject to change.	Payable prior to the National Conference	Payable if we conduct an annual national conference or national business meeting (the "**National Conference**"). We may require your Owners or other representatives to attend and, if they do not attend, may still charge them the on-site registration fee (which may be higher than pre-registration fees). If we permit non-Owners to attend, the fee may be lower for such representatives.
Training Programs Fee	A fee that we may set for each training program, which will vary from program to program	Payable when services are provided	Payable if your owners or representatives attend optional or mandatory training programs, seminars, or workshops. We may require your Owners or other representatives to attend and may collect the fee, whether or not they actually do attend.
Additional Consulting Services Fees	A reasonable fee, currently up to $750 per day, plus travel and living expenses, including transportation, lodging and meals.	Payable when services are provided	We may offer you consultation services beyond the support services under the Franchise Agreement, and if you accept them, we can charge you a consulting fee. If such services are provided on-site, then you must reimburse us for our representative's travel and living expenses, including transportation, lodging and meals.
Temporary Management Fee	Our current daily rate (currently, $750), plus all costs and expenses that we incur	Payable when services are provided	Payable if we opt to operate your franchise after you have defaulted under the Franchise Agreement and have failed to cure the default within 30 days or if your On-Site Owner is absent, incapacitated, or deceased.

Name of Fee	Amount	Due Date	Remarks
Remedial Expenses	All costs and expenses that we incur	Payable upon demand	Payable if you fail to correct any maintenance issues that we identify within 30 days, and we, in our sole discretion, enter the Facility to make such repairs or improvements.
Follow-up Inspection Fee	All costs and expenses that we incur	Payable upon demand	Payable if we perform a follow-up inspection to review any corrective actions you take to cure deficiencies.
Product, Service, or Supplier Review Fee	Our current daily rate (currently, $750), plus all costs and expenses that we incur testing or reviewing such items or suppliers	Payable upon demand	Payable if you propose to use any Goods (as defined in Item 8), or to purchase from any suppliers, that we have not approved.
ACH Fees	Amount of our expenses	Payable monthly on the 10th day of the next month	Royalty Fees and Brand Fund Fees will be collected via Automated Clearing House on the 10th of each month and on the 20th of each month (or, if necessary, the next business day after such date) for franchisees with outstanding Notes due to us. Other amounts will be collected via ACH as they come due.
Indemnification	Our losses, costs, expenses (including attorneys' fees), and damages	Payable on demand	Payable if we incur losses due to your operation of the business and the Facility, your breach of any agreement with us or our affiliates, or the acts or failures of your employees.
Damages Upon Expiration or Termination	Our damages, costs, and expenses (including, without limitation, lost future royalties and reasonable attorneys' fees)	Payable on demand	Payable if (i) we terminate the Franchise Agreement due to your default and we incur damages or expenses due to such termination or (ii) we incur damages or expenses related to your failure to adhere to post-termination or expiration covenants.
Facility Expansion Fee	$10,000	Payable upon our approval of your request	Payable if you would like to expand the size of the Facility.
Relocation Fee	Our actual costs and expenses, plus any other development fees that would be charged to develop a new Facility	Payable on demand	Payable if you relocate the Facility to a new site. See Item 5 for a description of the expenses related to developing a new Facility.

Name of Fee	Amount	Due Date	Remarks
Rent Guarantee Deposit	A refundable deposit equal to the balance of the rent guarantee amount	Payable on demand	Payable if you refinance or take on additional debt during the period in which a Rent Guarantee Agreement is in place. We will refund the deposit upon the expiration of the Rent Guarantee Agreement, less any amounts that we have paid to third parties under such agreement.
Lease Review Fee	Our actual costs and expenses, including attorneys' fees	Payable on demand	Payable if we engage our attorneys to review your proposed lease, lease renewal, or guarantee (not applicable under the Site First Program).
Academic Curriculum Material License Fee	$450 - $480 per certain specified classrooms as specified annually, plus $1,400 - $1,600 per Facility annually	Payable on demand	If we require you to license academic curriculum materials from us or our affiliates, we may require you to pay a reasonable license fee for such materials, which may vary based on the materials licensed. We reserve the right to change this fee.

NOTES

"**Gross Revenues**" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by a franchisee, and by persons other than such franchisee, in connection with such franchisee's business or otherwise at or through its Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. You should refer to Section 11.1 of the Franchise Agreement for a complete understanding of what is included in Gross Revenues. When a child is enrolled in your Facility, you are required to bill for tuition and other fees for such child in the manner we prescribe. If you bill for tuition and other fees in another manner, or if you grant discounts that exceed the maximum discounts allowed by us for the purposes of the computation of Royalty Fees and Brand Fund Fees, we will collect the Royalty Fees and Brand Fund Fees based upon the billing procedures prescribed by us and the discount limits set by us, regardless of when or whether you collect such tuition and other fees, and regardless of the amount you charge for tuition and other fees.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

TABLE A

YOUR ESTIMATED INITIAL INVESTMENT FOR REAL ESTATE DEVELOPMENT PROGRAM

Type of Expenditure	Low	High	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[1]	$50,000	$80,000	Lump Sum	Signing of Franchise Agreement	Us
Real Estate Fee Deposit[2]	$25,000	$25,000	Lump Sum	Signing of REDA	Us
Balance of Real Estate Fee[2]	$30,000	$45,000	Lump Sum	At the Closing	Us or Real Estate Affiliate
Other Real Estate and Development Costs[3]	$4,760,600	$6,959,500	As arranged	As arranged	Real Estate Affiliate, lender and/or us
Utility Security Deposits[4]	$10,000	$30,000	As arranged	Before opening	Utility companies
School Equipment and Supplies[5]	$222,000	$340,000	As arranged	Before opening	Approved supplier or lender
Insurance[6]	$5,000	$10,000	Installment	As arranged	Insurance company
Initial Training and Opening Support Fee[7]	$35,000	$35,000	As arranged	$5,000 at agreement signing; rest at Closing	Us
Marketing, Advertising and Grand Opening[8]	$40,000	$105,000	As arranged	Before opening	Us or Vendors
Transportation Vehicle[9]	$900	$42,000	As arranged	As incurred	Approved supplier or lender
Licenses	$4,000	$7,000	As arranged	As incurred	Governmental authorities
Miscellaneous[10]	$10,000	$45,000	As arranged	As arranged	Vendors, professionals
Financing Cost[11]	$258,000	$310,000	Lump sum	As arranged	Lender(s)
Additional Funds – 3 months[12]	$180,000	$420,000	As incurred	As incurred	Employees, suppliers and utilities
TOTAL[13, 14]	**$5,630,500**	**$8,453,500**			

TABLE B

YOUR ESTIMATED INITIAL INVESTMENT
FOR BUILD-TO-SUIT PROGRAM

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[1]	$50,000	$80,000	Lump Sum	Signing of Franchise Agreement	Us
Real Estate Fee[2]	$25,000	$25,000	Lump Sum	Signing of Franchise Agreement	Us
Security Deposit for Lease and Limited Rent Guarantee Fee[15]	$15,000	$250,000	As arranged	As arranged	Landlord or PSFC
Utility Security Deposit[4]	$10,000	$30,000	As arranged	Before opening	Utility companies
School Equipment and Supplies[5]	$222,000	$340,000	As arranged	Before opening	Approved supplier or lender
Insurance[6]	$5,000	$10,000	Installment	As arranged	Insurance company
Initial Training and Opening Support Fee[7]	$35,000	$35,000	As arranged	$5,000 at agreement signing; rest at Closing	Us
Marketing, Advertising and Grand Opening[8]	$40,000	$105,000	As arranged	Before opening	Us or Vendors
Transportation Vehicle[9]	$900	$42,000	As arranged	As incurred	Approved supplier or lender
Licenses	$4,000	$7,000	As arranged	As incurred	Governmental authorities
Miscellaneous[10]	$10,000	$45,000	As arranged	As arranged	Vendors, professionals
Financing Cost[11]	$55,000	$75,000	Lump sum	As arranged	Lender(s)
Additional Funds – 3 months[12]	$180,000	$420,000	As incurred	As incurred	Employees, suppliers and utilities
TOTAL[13]	**$651,900**	**$1,464,000**			

TABLE C

YOUR ESTIMATED INITIAL INVESTMENT
FOR PERMANENT LEASE PROGRAM

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[1]	$50,000	$80,000	Lump Sum	Signing of Franchise Agreement	Us
Real Estate Fee Deposit[2]	$25,000	$25,000	Lump Sum	Signing of Franchise Agreement	Us
Balance of Real Estate Fee[2]	$30,000	$45,000	Lump Sum	Soft cost closing	Us or Property Owner
Security Deposit for Lease and Limited Rent Guarantee Fee[15]	$15,000	$125,000	As arranged	As arranged	Landlord or PSFC
Other Real Estate and Development Costs[16]	$2,229,900	$4,738,200	As arranged	As arranged	Contractor, construction manager, architects, consultants, lender and/or us
Utility Security Deposit[4]	$10,000	$30,000	As arranged	Before opening	Utility companies
School Equipment and Supplies[5]	$222,000	$340,000	As arranged	Before opening	Approved supplier or lender
Insurance[6]	$5,000	$10,000	Installment	As arranged	Insurance company
Initial Training and Opening Support Fee[7]	$35,000	$35,000	As arranged	$5,000 at agreement signing; rest at Closing	Us
Marketing, Advertising and Grand Opening[8]	$40,000	$105,000	As arranged	Before opening	Us or Vendors
Transportation Vehicle[9]	$900	$42,000	As arranged	As incurred	Approved supplier or lender
Licenses	$4,000	$7,000	As arranged	As incurred	Governmental authorities
Miscellaneous[10]	$10,000	$45,000	As arranged	As arranged	Vendors, professionals
Financing Cost[11]	$232,000	$233,000	Lump sum	As arranged	Lender(s)
Additional Funds – 3 months[12]	$180,000	$420,000	As incurred	As incurred	Employees, suppliers and utilities
TOTAL[13]	**$3,088,800**	**$6,280,200**			

TABLE D

YOUR ESTIMATED INITIAL INVESTMENT
FOR INDEPENDENT DEVELOPMENT PROGRAM

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[1]	$50,000	$80,000	Lump Sum	Signing of Franchise Agreement	Us
Real Estate Fee[2]	$25,000	$25,000	Lump Sum	Signing of Franchise Agreement	Us
Other Real Estate and Development Costs[3]	$4,760,600	$6,959,500	As arranged	As arranged	Landowner/ Developer
Utility Security Deposits[4]	$10,000	$30,000	As arranged	Before opening	Utility companies
School Equipment and Supplies[5]	$222,000	$340,000	As arranged	Before opening	Approved supplier or lender
Insurance[6]	$5,000	$10,000	Installment	As arranged	Insurance company
Initial Training and Opening Support Fee[7]	$35,000	$35,000	As arranged	$5,000 at agreement signing; rest at Closing	Us
Marketing, Advertising and Grand Opening[8]	$40,000	$105,000	As arranged	Before opening	Us or Vendors
Transportation Vehicle[9]	$900	$42,000	As arranged	As incurred	Approved supplier or lender
Licenses	$4,000	$7,000	As arranged	As incurred	Governmental authorities
Miscellaneous[10]	$10,000	$45,000	As arranged	As arranged	Vendors, professionals
Financing Cost[11]	$258,000	$310,000	Lump sum	As arranged	Lender(s)
Additional Funds – 3 months[12]	$180,000	$420,000	As incurred	As incurred	Employees, suppliers and utilities
TOTAL[13]	**$5,600,500**	**$8,408,500**			

TABLE E

YOUR ESTIMATED INITIAL INVESTMENT
FOR SITE FIRST PROGRAM

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Fee[1]	$50,000	$80,000	Lump Sum	Signing of Franchise Agreement	Us
Real Estate Fee[2]	$25,000	$25,000	Lump Sum	Signing of Franchise Agreement	Us
Security Deposit for Lease and Limited Rent Guarantee Fee [15]	$125,000	$150,000	As arranged	As arranged	Landlord or PSFC
Other Real Estate and Development Costs[17]	$10,000	$25,000	As arranged	As arranged	Us
Utility Security Deposit[4]	$10,000	$30,000	As arranged	Before opening	Utility companies
School Equipment and Supplies[5]	$222,000	$340,000	As arranged	Before opening	Approved supplier or lender
Insurance[6]	$5,000	$10,000	Installment	As arranged	Insurance company
Initial Training and Opening Support Fee[7]	$35,000	$35,000	As arranged	$5,000 at agreement signing; rest at Closing	Us
Marketing, Advertising and Grand Opening[8]	$40,000	$105,000	As arranged	Before opening	Us or Vendors
Transportation Vehicle[9]	$900	$42,000	As arranged	As incurred	Approved supplier or lender
Licenses	$4,000	$7,000	As arranged	As incurred	Governmental authorities
Miscellaneous[10]	$10,000	$45,000	As arranged	As arranged	Vendors, professionals
Financing Cost[11]	$19,000	$30,000	Lump sum	As arranged	Lender(s)
Additional Funds – 3 months[12]	$180,000	$420,000	As incurred	As incurred	Employees, suppliers and utilities
TOTAL[13]	**$735,900**	**$1,284,000**			

NOTES TO ALL TABLES

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

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

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

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

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

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

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

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

$100,000 for Conversion Facilities) for grand opening advertising in the period from six months before to six months after the Opening Date (or 12 months after the Opening Date for Conversion Facilities). We may require you to pay us this fee as a deposit, and we will spend such money on grand opening marketing on your behalf. See Items 5 and 11.

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

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

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

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

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

13. Total - All Tables: These figures are based on our and our affiliates' experience working with franchisees to develop Facilities and information reported from franchisees and assume that such costs remain constant until your Facility has

been completed. As it may be multiple years between the date that you sign the Franchise Agreement and the dates that you acquire the Site and complete the development of the Facility, the development costs may escalate. We and our affiliates do not offer any financing for the initial investment. Your actual investment and expenditures may vary considerably from these estimates, depending on many factors, including such items as geographical area, the amount of space you lease or purchase, and the type of loan and interest rate you obtain for your Facility.

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

These estimates are based on the construction of our typical one-story Facilities located in suburban locations. These estimates do not include urban Facilities, two-story Facilities, or Primrose on Premise, as we do not have sufficient data to provide reasonable estimates for such Facilities. In addition, these estimates are not calculated for markets where our franchisees have not developed Facilities, many of which are located in geographic areas in the United States where the cost of doing business is higher than the areas where our franchisees are currently located. In buying a franchise for these and other areas or locations, you should consider this fact in evaluating the estimated cost of your initial investment.

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

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

15. Security Deposit for Lease and Limited Rent Guarantee Fee

Tables B and C Only: Your landlord may require you to pay a security deposit for your lease. We estimate that the amount of the security deposit may range between $15,000 and $250,000, depending on the program, but the amount could be higher depending on your market, the cost of your rent, and the arrangement that you negotiate with your landlord.

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

Tables B, C, and E Only: In limited and unique circumstances, as well as under the Site First Program, PSFC may provide a limited rent guarantee in favor of your

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

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

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

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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

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

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

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

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

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

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

Any motor vehicles you use in the operation of your Facility ("**Vehicles**") must comply with all federal and state laws and regulations and our specifications. Currently, unless we determine a Vehicle is not necessary, we require you to purchase at least one Vehicle, which must be a multi-function school activity bus capable of seating at least 14 people. You may purchase or lease new or replacement Vehicles from any source. All Vehicles must bear the Marks in the form and location that we specify, and may not display any additional sales, advertising, or

message without our prior written approval. Vehicles must be used exclusively for the business of the Facility and primarily for transporting students of the Facility.

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

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

Insurance. You must purchase and maintain the types and amounts of insurance that we require from an insurance provider that we designate in the Confidential Manuals or an insurance provider that we accept from a carrier rated A by AM Best. Currently, we require you to purchase for each Facility special form ("all-risk") property insurance, worker's compensation and employer's liability insurance, commercial general liability insurance (at least $1 million per occurrence and $3 million in the aggregate), business interruption insurance (for actual losses sustained), automobile liability insurance (at least $1 million in coverage), professional liability insurance (at least $1 million in coverage), sexual abuse coverage (at least $1 million in coverage), student accident insurance, and umbrella insurance (at least $2 million in coverage). We may modify the required insurance at any time.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Under the Franchise Agreement, REDA, Amendment to Franchise Agreement (Permanent Lease Program), and Amendment to Franchise Agreement (Site First Program) (as applicable), we and/or our affiliates will provide certain real estate selection and development

services which are described more completely in Item 11. You or your Real Estate Affiliate must pay us the applicable Real Estate Fee and Development Expenses for these services and must pay the fees charged and the expenses incurred by us and/or our affiliates, or a third party or consultant acting on our behalf, in having the third party review your survey and proposed architectural plans and specifications. See Items 5, 7, and 11 for further information.

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

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

Revenue from Required Purchases and Leases by Franchisees. In the last fiscal year ending on December 31, 2022, we received $1,658,586 in revenue related to required purchases and leases of products and services by franchisees, which was 1.9% of the combined revenue of $87,500,243 for us and PSF2, as reported in our and PSF2's unaudited financial statements. Additionally, in the 2022 fiscal year, PSFC received $308,544 in contributions to the National Conference from vendors or suppliers.

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

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

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

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

FRANCHISEE'S OBLIGATIONS

	Obligation	Section(s) in Agreement (FA: Franchise Agreement, REDA: Real Estate Development Agreement, OA: Option Addendum)	Item(s) in Disclosure Document
a.	Site selection and acquisition/lease	FA: Sections 3.1 to 3.7 REDA: Sections 1, 2, 3, 4, and 5	Items 6, 8 and 11
b.	Pre-opening purchases/leases	FA: Sections 4.1, 4.2, and 10.3, REDA: Sections 1, 2, 3, 4, and 5	Items 6, 7, 8 and 11
c.	Site development and other pre-opening requirements	FA: Sections 3.1 to 3.12 REDA: Sections 1, 2, 3, 4, 5, and 6	Items 6, 7, 8 and 11
d.	Initial and ongoing training	FA: Section 5	Items 6, 7 and 11
e.	Opening	FA: Sections 10.3 and 13 OA: Sections 4 and 6	Items 7 and 11
f.	Fees	FA: Sections 1.4, 3.9, 3.15, 5.1, 5.6, 5.7, 10.2, 10.3, 10.4, 10.5, 11, 12.2, 15.1, 18.5, 18.6, 18.9, 19.2, 21.2, and 22 REDA: Sections 1, 5, 7, and 12 OA: Sections 3 and 6	Items 5, 6, 7 and 17
g.	Compliance with standards and policies/ Operating Manuals	FA: Sections 3.3, 3.8, 3.10, 3.13, 3.14, 4.1, 4.2, 5.2, 7, 9, 10.1, 10.3, 10.6, 11.1, 11.2, 12, and 13	Items 1, 8 and 11
h.	Trademarks and proprietary information	FA: Sections 6, 7.1, 7.2, 8, 10.6, 18.2, 18.3, and 18.4	Items 13 and 14
i.	Restrictions on products/ services offered	FA: Section 1.1	Item 16
j.	Warranty and customer service requirements	FA: Section 13.3 and 13.5	None
k.	Territorial development and sales quotas	FA: Sections 1.2 and 1.4 OA: Sections 4 and 5	Item 12
l.	Ongoing product/service purchases	FA: Sections 10.4, 10.5, 10.6, 13.3, and 14.3	Item 8
m.	Maintenance, appearance and remodeling requirements	FA: Sections 3.13, 3.14, 4, 6.2, 6.5, 13.3, 18.2, and 18.4	Items 8 and 11
n.	Insurance	FA: Section 15	Items 7 and 8
o.	Advertising	FA: Sections 10 and 19.4	Items 6, 7, 8 and 11
p.	Indemnification	FA: Sections 5.5, 18.4, 18.5, 19.3, 19.4, 22 and 32 REDA: Section 10	Item 6
q.	Franchisee's participation/ management/ staffing	FA: Sections 4.3, 5, 13.6, 13.7, and 13.8	Items 6, 7, 11 and 15
r.	Records and reports	FA: Sections 4.3, 10.4, 11.1, 12, and 15.3	Item 8
s.	Inspections and audits	FA: Sections 6.6, 12.4, and 14.4	Items 8 and 11
t.	Transfer	FA: Sections 19, 20, and 21 REDA: Section 13	Item 17
u.	Renewal	FA: Sections 2.2 and 2.3	Item 17

	Obligation	Section(s) in Agreement (FA: Franchise Agreement, REDA: Real Estate Development Agreement, OA: Option Addendum)	Item(s) in Disclosure Document
v.	Post-termination obligations	FA: Sections 16.3 and 18	Item 17
w.	Non-competition covenants	FA: Section 16	Item 17
x.	Dispute resolution	FA: Sections 26, 29, and 30 REDA: Section 11 OA: Section 13	Item 17

ITEM 10. FINANCING

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1. deliver to you the Franchise Documents for the Facility you exercise an option for provided that (i) you exercise the option in the form and manner required under the Option Addendum, and (ii) we have (a) a current franchise Disclosure Document and (b) complied with any applicable franchise registration requirements. (Section 6 of Option Addendum).

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

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

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

curriculum or programs available to you either as mandatory or as optional items (Section 14.3);

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

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

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

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

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

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

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

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

Amounts contributed to the Brand Fund are used to meet any and all costs of brand/consumer research and costs of maintaining, administering, directing and preparing advertising, including, without limitation, the cost of preparing and conducting Internet, television, radio, digital, social media, and print advertising campaigns and other public relations activities; employing advertising and public relations firms to assist therein; contracting with outside brand marketing consultants to assist in strategy development, research, and general marketing advice on system-wide marketing projects; producing promotional brochures and other marketing materials for franchisees; reviewing potential new products, materials, services and projects for the System; and other activities that are directly or indirectly designed to promote the brand, its franchisees, and/or increase System enrollment, including clientele response programs, mystery shop programs, incentive programs, teacher recruitment programs, and sponsorship of goodwill

activities. The Brand Fund may also be used to defray our or our affiliates' reasonable administrative costs and overhead incurred in activities reasonably related to the administration or direction of the Brand Fund and advertising programs, including, without limitation, supporting Cooperatives, conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Brand Fund. In the year ending December 31, 2022, the Brand Fund received contributions of $23,347,250, which were added to amounts carried forward from 2021 Brand Fund Contributions. In the 2022 fiscal year, approximately 21.9% of the funds expended by the Brand Fund were spent on production and media placement, 2.5% were spent on public relations, 18.2% were spent on Brand Fund administration, 29.6% were spent on online advertising and the Primrose® website, 0.5% were spent on branding and photographic services, 5.5% were spent on research and development, 19.4% were spent on social media marketing, and 2.3% were spent on other costs (including development of products and services).

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

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

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

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

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

You will be required to participate in and contribute to any Cooperative designated in your coverage area and to abide by the bylaws, rules, and regulations duly required by the Cooperative, which we have the right to mandate or approve. The costs of the program will be allocated among franchisees in the coverage area, and each franchisee's share of the costs will

be in proportion to its respective Gross Revenues. However, the aggregate of all contributions to the Cooperative by any franchisee in any month (or any other designated period) will not exceed 1% of that franchisee's Gross Revenues during the previous month (or any other designated period), unless a 2/3 majority of the members of the Cooperative represented at a meeting with a quorum (a quorum exists if 50% of all members with schools currently open in the advertising coverage area attending a meeting) vote to increase the contribution. There currently is no requirement that any Cooperative prepare annual or periodic financial statements or to disclose any financial or other information to its members. Currently, we administer the Cooperatives, collect contributions on behalf of the Cooperatives, and distribute expenditures on behalf of the Cooperatives.

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

You must spend the Minimum Grand Opening Amount that we specify after the site has been selected (ranging from $40,000 to $100,000 for New Facilities and $15,000 to $100,000 for Conversion Facilities) for grand opening advertising, including advertising and promotional activities that you will conduct in the period from six months before to six months after the Opening Date. We will consider factors, including media costs in your market, size of your market, the capacity of your Facility, your experience, other child care centers in the surrounding area, and, for Conversion Facilities, whether the Facility had been closed prior to the conversion in determining the Minimum Grand Opening Amount for your Facility. For Conversion Facilities that were in operation prior to the conversion, the Minimum Grand Opening Amount must be spent in the 12 months after the opening of the Facility. The grand opening advertising will be conducted primarily through direct mail advertising, advertising through digital platforms and other media, and marketing and promotional items. You must submit to us a detailed written plan for your grand opening advertising program, which we may require you to change. You also must participate in calls, meetings, and/or activities that we require related to grand opening advertising. You will not be able to conduct any grand opening advertising until you have received our written approval of your proposed grand opening advertising program.

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

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

By the deadlines and in a form that we specify, you must provide us with a written plan, in a form approved by us, for your projected local marketing, advertising and promotion expenditures

for the next calendar year and such other periods that we may specify. We may, in our sole discretion, require you to change your proposed plan, and you must comply with such changes.

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

Technology System. We provide specifications for, and require you to purchase, computer and communication systems to be located in the office and classrooms of your Facility. Currently, you must purchase two computers and at least three flat panel monitors and various software applications or services that we prescribe for your office. In addition, you must purchase the required number of computers, mobile devices, and other hardware devices for use in your classrooms. We estimate that your classroom and office computer systems will cost approximately $15,000 to $30,000 to purchase, depending on the size of your Facility and the type of computers and devices that you purchase.

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

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

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

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

We are not obligated to assist you in obtaining any computer hardware or software other than the Software or to provide ongoing maintenance, repairs, updates, or upgrades relating to your computer system. We estimate that the cost of maintenance, repairs, support service and upgrades will be approximately $5,000 to $12,000 per year, but this will vary from year to year

and you will need to contact a vendor to determine the scope of the services they offer and the actual cost of those services.

We may require you to (a) use vendors approved or designated by us to provide security services that are consistent with the Privacy Requirements; (b) maintain specific security measures; (c) provide evidence of compliance with Privacy Requirements upon our request; and/or (d) use vendors approved or designated by us to conduct periodic security audits to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide us with copies of any audits, scanning results, or related documentation relating to such compliance or audits. If you suspect or know of a security breach, you must immediately give us notice of such security breach and promptly identify and remediate the source of any compromise or security breach at your expense. You assume, at your expense, all responsibility for complying with all applicable data breach notification laws, providing all notices of breach or compromise, and monitoring credit histories and transactions concerning customers of the Facility.

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

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

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

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

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

Manuals. Attached as **Exhibit F** to the Disclosure Document is the table of contents for the Confidential Manuals as of the date of this Disclosure Document. The Confidential Manuals currently includes approximately 5,350 pages, in addition to various curriculum and education-related materials.

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

1. Site Selection Services.

    a. Under the Real Estate Development Program and Permanent Lease Program, we will identify and propose to you (by preparing a site location analysis) a site for the

Facility that meets our criteria. If you accept the site, it will be added to the Franchise Agreement as the site for the Facility.

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

2. Site Acquisition Services.

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

b. Under all other Programs, we will review any lease of your Facility and any purchase contract, loan, mortgage or other documents related to any purchase or financing of your Facility. Our review of any such documents is (i) for our own benefit only, (ii) is not intended to supplement or replace a review by your attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (a) the business or economic terms of the transaction, (b) the potential profitability of a Facility at that site, or (c) matters of title with respect to the site. You must reimburse us for any costs and expenses we incur, such as legal fees, in reviewing such documents.

3. Site Development Services.

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

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

4. Site Design and Construction Services.

a. Plans. Under all Programs, we will provide you with basic architectural plans and specifications (not for construction) for a Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment,

fixtures, furniture, signs and decorating). If you modify our standard plans (which is only permissible to comply with applicable laws and the specific needs of the site), we (or the National Architects) will review and approve or disapprove the modified plans, which must receive our approval before you begin construction.

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

c. Construction Manager. Under all Programs (except the Independent Development Program), we have the right to designate a construction manager or accept in writing or reject your proposed construction manager. You must, at our option, (i) enter into an agreement that is acceptable to us with the accepted construction manager or (ii) assume our contract with the accepted construction manager and all financial and other obligations under such agreement relating to the accepted site, in which case you must reimburse us for any fees that we incurred related to the contract.

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

e. Review Signage. Under all Programs, we will provide specifications for signage and accessories which may be required for the Facility. If you propose to purchase or lease any signs or decorating materials that have not already been approved by us, we will review such signs and advise whether it meets our specifications. We shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by us.

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

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

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

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

We do not make any warranties or representations related to the Approved Developer (including the quality of their work or their ability to timely complete the construction in accordance with applicable laws and our standards and specifications), the design or construction of the Facility (including whether the Facility is compliant with applicable laws, structurally sound, and free of defects), the site (including whether the site will be successful or achieve any level of financial performance), or the Site First Lease (including whether the terms of the lease are reasonable). Our assistance and inspections are limited to confirming whether the Facility is compliant with our standards and specifications.

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

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

Initial Training and Opening Support Services. We will provide the ITOS services, including our Initial Training for your On-Site Owner and one additional Owner or other representative designated or approved by us and additional support services that we deem

necessary during the opening of your Facility. We require your Multi-School Managers, and may require or permit additional Owners or your Directors, to attend Initial Training for an additional fee, which is currently $3,500 per each additional attendee over the first two attendees.

Currently, we conduct Initial Training several times throughout the year at the times we determine necessary. Initial Training typically includes (i) one day of remote orientation within one to two months of signing the Franchise Agreement, which is referred to as New Franchise Owner Orientation; (ii) a self-guided exploratory study of the early childhood education industry which includes online courses, reading assignments, and other activities; (iii) three days of training at our headquarters, at another location that we designate, or via remote training, which is referred to as School Opening Training (or School Transfer Training for transfers of existing Facilities); (iv) three days of on-site training conducted at an approved training Facility in your market or another Facility we designate; and (v) two to three days of additional, remote training within six to twelve months of the school opening or transferring, which is referred to as School Excellence Training. The aforementioned training components may take up to 10 business days. We may, in our sole discretion, provide all or parts of Initial Training online via self-paced courses, webinars, videoconferences, and reading assignments.

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

We will also require your Director to complete a training class (the "**Director Class**"), which is conducted at our headquarters or online several times throughout the year at the times we determine necessary, during the first 12 months of employment with you. For existing Facilities, the Director must attend within six months of the effective date of the transfer (if you acquire the Facility from an existing transferring franchisee) or effective date of being hired (if the Director is new to your organization). The fee for this training for one Director is included in the Initial Training and Opening Support Fee, provided that a Director attends within the first 12 months of opening in the case of a new Facility or within six months after the effective date of the transfer for an existing Facility. You will be required to pay our fee for the Director Class for any trainee that attends after such time period and for any additional Director who attends if more than one attend within such time period. The Director Class may be offered online or in person at our headquarters in Atlanta, Georgia or another location we designate. The Director Class costs $299 per attendee if online and $975 per attendee if in person, but we may change the fee in the future.

The following table identifies the topics covered in Initial Training. The actual number of hours spent on each subject during on-the-job training will vary.

TRAINING PROGRAM

Subject	Hours of Classroom/ eLearning/ Remote Training	Hours of On-the-Job Training	Location
Business Management Franchise Owner Leadership (Includes Culture, Vision, Mission Values, and Principles of Service)	12	4	Online and/or Atlanta, Georgia and/or on-site in a designated approved training school Online and/or Atlanta, Georgia and/or on-site in a designated approved training school
Franchisor and Franchise Owner Relationship and Responsibilities	6	2	
• Business and Financial (Includes cost control) • Staffing and Enrollment Strategies • Financial and Accounting Compliance	12	4	
Recruitment Marketing	10	2	
Professional Development • Continual Learning Plans and Guides by program • Introduction to Primrose Schools • Issues Management • Health & Safety • Classroom Policies & Procedures • Leadership Team Policies & Procedures	20	8	
Parent Relations	4	2	
IT and Administrative	2	0	
Education • Balanced Approach to Teaching and Learning • Balanced Learning Curriculum • Quality Assurance and Accreditation • National Cognia Accreditation	30	12	
Campus Environment	4	2	
Marketing & Communication Brand Marketing Strategy	2	0	
Internal School Marketing • Prospect to Parent • Branded Collateral • School Website	7	1	
Community Marketing, Grass Roots, and Public Relations	9	1	
Co-op and National	1	2	
TOTAL	**119**	**40**	

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

Initial Training since April 2022. Other executives described in Item 2 will participate in portions of Initial Training.

As part of our ITOS, we will provide pre-opening, opening, and post-opening support that includes ongoing support from our Information Technology and accounting teams; grand opening support and attendance; and operations, marketing, and education support. The ITOS is completed in phases beginning at the signing of your Franchise Agreement and continuing after opening according to the support plan.

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

Training of Employees. You are responsible for training all of your employees and for ensuring that your employees are continuously adequately trained to perform their services in connection with the operation of the Facility. We will assist with initial training of your Director and staff using a "train the trainer" approach the week before you open your school. Prior to such training, you will provide time for staff to take the Primrose online training courses that include Introduction to Primrose, the Balanced Approach to Teaching and Learning, health and safety procedures, and class-specific training.

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

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

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

ITEM 12. TERRITORY

Development Area

When you sign your Franchise Agreement, you will be assigned a Development Area (to be described on Exhibit A.2 to the Franchise Agreement) within which your Facility must be located. There is no minimum size for a Development Area. We use the services of a third-party

demographics and mapping system in analyzing and establishing the general characteristics of existing franchise territories to assist in the determination of the Development Area for your Franchise. These characteristics include population, projected growth, estimated number of households, estimated number of families, age, income, marital status, age of children, workplace population, family data, and household ownership. We also use the following in determining the boundaries of the Development Area: major and restricting topographical features which define contiguous areas such as rivers, mountains, major roads, and undeveloped land areas, the density of residential and business entities, trading patterns and traffic flows, and other factors that we deem relevant in our reasonable discretion. Under the Site First Program, your Development Area will typically be an entire metropolitan market, unless the site has already been identified when you sign the Franchise Agreement.

Under all Programs other than the Site First Program, until the earlier of the second anniversary of the date you signed the Franchise Agreement (the "**Second Anniversary**") or the Opening Date, (a) we and our affiliates will not establish, or license others to establish, other Facilities (other than Primrose on Premise locations) in the Development Area, and (b) we will not have the right to unilaterally modify the Development Area, as long as you are in compliance with the Franchise Agreement. If we offer you the opportunity to acquire a Conversion Site and you reject it, we will offer you the choice of modifying your Development Area or terminating the Franchise Agreement, in which case you will receive a full refund of the Initial Fee and Real Estate Fee Deposit.

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

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

Designated Area

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

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

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands

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

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

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

Reserved Rights

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

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

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

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

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

(e) We or our affiliates may, or may license any other party to, advertise, promote, market, or sell goods or services identified by the Marks that are similar to those

provided in a Facility anywhere, including in the Development Area or Designated Area, via any other channels of distribution, including, without limitation, the Internet, other electronic networks, retail or wholesale channels, telemarketing, or catalogs.

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

Relocation of the Facility

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

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

Option Area

If you sign an Option Addendum, the Option Addendum will specify the Option Area, within which you will develop a Facility(ies), subject to our approval. The size and scope of the Option Area will be contained in the Option Addendum and will be determined on a case-by-case basis. The factors we consider in determining the size of an Option Area include current and projected market demand, demographics and population, traffic patterns, location of other Facilities, the financial and other capabilities of the franchisee, and our development plans.

Except (i) for existing or under development Facilities and (ii) those exceptions permitted under the Option Addendum and Franchise Agreement as described above, we will not establish, nor franchise anyone other than you to establish, Facilities in the Option Area until the Option Addendum expires or terminates. Your rights in the Option Area will expire or terminate upon our signing of a Franchise Agreement for the last location that you have an option for under the Option Addendum or your failure to (i) exercise any option for a Facility within a timeframe required under the Option Addendum, (ii) comply with the opening timeframe for the Facility to be developed under the underlying Franchise Agreement, (iii) comply with the opening timeframes for all Facilities for which you have signed Franchise Documents, or (iv) otherwise comply with the Option Addendum or underlying Franchise Agreement.

If you sign an Option Addendum at the same time the Franchise Agreement is signed, we will reserve the right to require you to develop your first Facility in the Option Area rather than in the Development Area. This would have the effect of converting the Option Area to the Development Area and the Development Area to the Option Area, and we may determine it is necessary to modify the boundaries of the Development Area as a result of this change.

There are no circumstances under which the Option Addendum may be altered prior to its expiration or earlier termination without the approval of you and us. Your rights within the Option Area are not dependent upon achievement of a certain sales volume, market penetration, or other factors, other than compliance with the Option Addendum, underlying Franchise Agreement and your other Franchise Documents. However, we reserve the right to modify the geographic boundaries of the Option Area upon written notice to you. Typically, we may modify the Option Area if the demographics in the Option Area change or if you decline to exercise an option for a site within the Option Area that we believe meets our criteria for the location of a Facility.

Upon receipt of the written notification of the modification, you will have 14 days in which to decide whether you want to continue to develop Facilities under the Option Addendum with the modified Option Area. If you accept the modified Option Area within the 14-day period, the Option Addendum will be modified via an amendment signed by both parties. In the event of a change in the Option Area, no change will be made to the fees paid or payable under the Option Addendum, as amended, and no initial franchise fees or option fees previously paid by you shall be refunded. If you decline to accept the modified Option Area or fail to respond to the notice, the Option Addendum will be terminated and we will refund to the franchisee the option fee for any additional Facilities under the Option Addendum which have not yet been exercised as of the date of termination. In the event of a termination, the parties will sign an agreement formalizing the termination and the refund.

If you request a termination under an Option Addendum, we reserve the right to retain the option fee.

Except as described in Item 1, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that our franchisees sell. However, our affiliates, including the Affiliated Programs described in Item 1 and other portfolio companies that currently are or in the future may be owned by private equity funds managed by Roark Capital Management, LLC, may operate and/or franchise businesses that sell similar goods or services to those that our franchisees sell. Item 1 describes our current Affiliated Programs that offer franchises, their principal business addresses, the goods and services they sell, whether their businesses are franchised and/or company-owned, and their trademarks. All of these other brands (with limited exceptions) maintain offices and training facilities that are physically separate from the offices and training facilities of our franchise network. Currently, the Affiliated Programs are not direct competitors of our franchise network given the products or services they sell. All of the businesses that our affiliates and their franchisees operate may solicit and accept orders from customers near your business. Because they are separate companies, we do not expect any conflicts between our franchisees and our affiliates' franchisees regarding territory, customers and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13. TRADEMARKS

The principal marks that you will use in the operation of your Facility are the "Primrose Schools®" and "Primrose®" marks. We may also periodically authorize you to use other marks

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

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

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

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

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

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

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

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

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

ITEM 14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

Patents and Copyrights. We own no patents that are material to your franchise. We and our affiliates claim common law rights and copyright protection for the Confidential Manuals, architectural and other plans and specifications, training materials, lesson plans, and other documents used in the development, construction, sale and operation of Franchises. If it becomes advisable at any time in our sole discretion to acquire a patent or copyright, you must use such patent or copyright as we require. Any and all architectural plans required for the construction and/or development of your Facility become the absolute property of us.

Proprietary Information. All aspects of the standards and operating procedures of a Facility are derived from information that we or our affiliates disclose. Some of this information is proprietary and confidential and constitutes trade secrets of us and our affiliates. "**Trade Secrets**" means any information of us and our affiliates which (i) derives its economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Certain Trade Secrets are included in the information contained in the proprietary Balanced Learning® curriculum, Confidential Manuals, the Software, the Facility design package, including interior and exterior layout for Facilities, construction plans and specifications, and equipment and décor specifications. Trade Secrets also include any Trade Secret information in our or our affiliates' training programs, marketing strategies, operations, techniques, financial information, actual and potential supplier lists, customer lists, specifications and materials concerning the educational, recreational and child care services and activities, lesson plans, monthly calendar of events, newsletter formats, other related materials provided, and franchisee lists compiled by us and/or our affiliates.

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

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

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

ownership ranks returns all Confidential Information to you and provides written certification that they have done so.

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

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

During the six-month period directly prior to the opening of the Facility, at least one Owner shall devote their full time and energy to the development and opening of the Facility. Unless we approve otherwise in our sole discretion, your Facility must at all times be under the direct on-premises supervision of an On-Site Owner, a Director, and an assistant director. We recommend that you assign responsibility for oversight of the education programs at your Facility to an education coach or, in the absence of such position, an assistant director. If you and your affiliates operate more than two Facilities, in addition to the on-premises management requirements and responsibilities for the Director and On-Site Owner, we may require you to hire one or more Multi-School Managers. Multi-School Managers may be required to own an equity or profit-sharing interest in your entity and must meet the requirements for a Director and complete our Initial Training.

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

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

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

In addition, we require all Owners to sign a Payment and Performance Guarantee, in the form attached to the Franchise Agreement, which requires each Owner to personally guarantee your obligations under the Franchise Agreement and binds each Owner to the confidentiality and non-compete provisions in the Franchise Agreement. We do not require Owners' spouses to sign any agreements, unless they too are an Owner.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

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

You are not restricted in the customers to whom you may sell products or services from your Facility, however, you may only provide services that are approved by us and that target children ages six weeks to twelve years. You may advertise, promote, or market your Facility anywhere, including outside of your Development Area or Designated Area, in accordance with the Franchise Agreement and the Confidential Manuals.

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

THE FRANCHISE RELATIONSHIP

FRANCHISE AGREEMENT

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

Provision	Section in Agreement	Summary
A. Length of the franchise term	Section 2.1 Section 4 of Option Addendum	10 years from the Opening Date for the Facility. Until option rights expire upon our execution of the Franchise Agreement for the last location you have the option to develop under the Option Addendum.
B. Renewal or extension of the term	Sections 2.2 and 2.3	If you have complied with the Franchise Agreement and meet other conditions, you may be able to obtain two successor terms of 10 years each. You may not renew or extend the Option Addendum without our express approval.
C. Requirements for you to receive a Successor Term	Section 2.2	You may exercise your option to obtain a successor term provided that: you have complied with all agreements; you demonstrate that the premises are secured for the successor term and bring the premises into compliance with current specifications and are approved for a successor term by us; you give notice at least 6 months, but not more than 12 months, prior to expiration; you satisfy all monetary obligations; you bring the Facility into full compliance with the then-current specifications and standards; you sign the then-current form of the Franchise Agreement; you comply with then-current qualifications and training requirements;

Provision	Section in Agreement	Summary
		you and, if you do not lease your Facility, your Real Estate Affiliate sign a general release in the form attached as **Exhibit I** to this Disclosure Document; and you pay the successor fee. The then-current form of Franchise Agreement that you must sign will supersede in all respects the terms of your original Franchise Agreement and may include different terms and conditions than your original Franchise Agreement, including, without limitation, higher Royalty Fees and Brand Fund Fees and an adjusted Designated Area.
D. Termination by you	Section 3.6 of Exhibit H	Under the Site First Program, you may terminate the Franchise Agreement if we fail to present you with a site during the first 20 months after signing the Franchise Agreement.
E. Termination by us without cause	Not applicable	Not applicable.
F. Termination by us with cause	Section 17 and Sections 4 and 6 of Option Addendum	If you default under the Franchise Agreement or Option Addendum
G. "Cause" defined – curable defaults	Sections 17.1 and 17.2	You have (a) 30 days to cure a default due to any failure to decorate and equip the premises as specified or failure to satisfactorily complete training, (b) 10 days to cure a default due to any failure to maintain any required license, (c) 30 days to cure any default due to any failure to timely pay supplier invoices, (d) 30 days to cure any other default not specified in Sections 17 and (e) 10 days to cure a failure to pay any amounts due to us or our affiliates.
H. "Cause" defined – non-curable defaults	Sections 3.6, 17.1, and 17.2.	You or any of your affiliates (a) misrepresent information in the application, the Franchise Agreement or a related document, (b) or your Owners are charged with a felony or other offense involving moral turpitude or which is likely to adversely affect our or our affiliates' reputation, engage in any fraudulent, unethical, or other conduct which is likely to adversely affect our or our affiliates' reputation, or continue to employ a person whom you know has been charged with a similar crime or has acted in a similar manner, (c) misuse the Confidential Manuals, Trade Secrets, or Confidential Information, (d) abandon the Facility for more than five days in any 12-month period or fail to relocate within an approved period of time following expiration or termination of the lease for the premises, (e) take any action or permits to exist any condition that endangers health or safety, (f) fail to comply with the transfer provisions of the Franchise Agreement, (g) submit on two or more occasions reports or data that understate Royalty Fees or any other fee by more than 3% or submit any statement or record that intentionally understates Royalty Fees, (h) go into bankruptcy or

Provision	Section in Agreement	Summary
		insolvency, (i) misuse the Marks or commit another act that impairs the Marks' goodwill, (j) fail to submit reports or pay amounts due on two or more occasions in a 12-month period, (k) fail to commence operations by the applicable deadline, (l) fail to comply with any lease or financing agreement if such failure would permit the termination of such agreement, (m) fail to comply with any provision of the Franchise Agreement on 3 or more occasions in a 12-month period, (n) or your Owners or entities owned by your Owners default under any other agreement between us and our affiliates, (o) if at any time we are unable to locate a suitable site or unable to develop a site that we select, (p) the REDA is terminated or expires, or (q) you reject a site we have presented to you (or, under the Site First Program, you have rejected one site and 20 months has elapsed since signing the Franchise Agreement or you have rejected two sites).
	Sections 4, 6 and 7 of Option Addendum	The Option Addendum and your option rights will terminate if you fail to (i) exercise any option for a Facility within a timeframe required under the Option Addendum, (ii) comply with the opening timeframe for the Facility to be developed under the underlying Franchise Agreement, (iii) comply with the opening timeframes for all Facilities for which you have signed Franchise Documents, and (iv) otherwise comply with the Option Addendum or underlying Franchise Agreement, or (v) if we modify the Option Area as permitted in the Option Addendum and you reject the modified Option Area or you fail to respond to our notice to you asking if you would accept the modified Option Area.
I. Your obligations on termination/non-renewal	Section 18	Obligations include complete de-identification; payment of amounts due and damages; return of Confidential Information and other materials; relinquishment of phone numbers and domain names; compliance with non-compete provisions; and stop using all our intellectual property (including trademarks and copyrights).
J. Assignment of contract by us	Section 19.1	No restrictions on our right to assign.
K. "Transfer" by you – definition	Section 19.2	Includes transfer of any direct or indirect interest in the Franchise Agreement, the Facility or substantially all of its assets, or the ownership of Franchisee.
L. Our approval of transfer by you	Section 19.2	We have the right to approve all transfers, but will not unreasonably withhold approval if certain conditions are met.
M. Conditions for our approval of transfer	Section 19.2	In addition to other conditions that we reasonably specify: transferee must (i) meet our qualifications and licensing requirements, (ii) complete training, (iii) sign then-current form of Franchise Agreement, (iv) modify certificates evidencing ownership of the franchisee, (v) obtain our approval of a business plan, and (vi) pay us an Initial Franchise Fee equal to 60% of the then-current Initial Fee

Provision	Section in Agreement	Summary
		for existing franchisees. You must (i) satisfy all of your monetary and other obligations, (ii) sign a general release document in the form attached as **Exhibit I** to this Disclosure Document, and (iii) pay us the Transfer Fee equal to 40% of the then-current Initial Fee for existing franchisees. You or the transferee, in our discretion, must bring the Facility into compliance with then-current standards, which may require remodeling. We must determine the purchase price won't impact the operation.
N. Our right of first refusal to acquire your business	Section 21.1	We can match any offer (i) for an interest in your business or you, or (ii) for the assets used in your business.
O. Our option to purchase/lease your business	Section 18.9	We can purchase or lease the assets used in your business after the Franchise Agreement terminates or expires.
P. Your death or disability	Sections 20 and 22	Successors must qualify to operate franchise or must assign franchise within 180 days; we may operate the Facility to prevent service interruption.
Q. Non-competition covenants during the term of the franchise	Section 16.2	No diverting business to a competitor; no performing any act injurious to the goodwill associated with the Marks or the System; and no involvement in (including as a lessor) any business in the United States which provides, in whole or in part, educational services, programs, or materials for children of any ages between six weeks through first grade and/or child care services for children of any ages between six week through 12 years (a "**Competing Business**").
R. Non-competition covenants after the franchise is terminated or expires	Section 16.3	No involvement (including as a lessor) by you or any Owner in any Competing Business for two years within a 5-mile radius of the Site, the Designated Area, or any Facility existing at the time of expiration or termination.
S. Modification of the Franchise Agreement	Sections 1.2, 9, and 27	No modifications generally except when agreed to in writing. We may unilaterally change or add to our specifications, standards or policies, including those in the Confidential Manuals, and change the Designated Area.
T. Integration/merger clause	Section 27	Only the terms of the Franchise Agreement, including its exhibits, and the representations in this Disclosure Document are binding (subject to state law), and any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
U. Dispute resolution by arbitration or mediation	Section 30	Subject to applicable state law, except for certain claims, all disputes must be arbitrated in Atlanta, Georgia, or, if our principal place of business is no longer located in Atlanta, Georgia, then at the office of the American Arbitration Association ("**AAA**") nearest to our principal place of business.

Provision	Section in Agreement	Summary
V. Choice of forum	Section 29.2	Litigation must be filed in the United States District Court or the Superior (or any comparable) Court where we have our principal place of business when such action is filed (currently, Atlanta, Georgia), subject to state laws.
W. Choice of law	Section 29.1	Georgia law and federal trademark law apply, subject to state laws.

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

REAL ESTATE DEVELOPMENT AGREEMENT

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

Provision	Section in Agreement	Summary
A. Term of the agreement	Not applicable	Not applicable.
B. Renewal or extension of the term	Not applicable	Not applicable.
C. Requirements for you to renew or extend	Not applicable	Not applicable.
D. Termination by you	Sections 9	Subject to certain notice and cure rights, Real Estate Affiliate may terminate the REDA in the event of an uncured default by us. Real Estate Affiliate may be entitled to the return of the expenses paid to us.
E. Termination by us without cause	Section 5(C)	We may terminate, in our sole discretion, if (i) the site is no longer acceptable to us or (ii) the owner of the site will fail to perform under the purchase agreement for the site.
F. Termination by us with cause	Sections 9(A) and 9(B)	Subject to certain notice and cure rights, we may terminate the agreement in the event of an uncured default by Real Estate Affiliate or you for the causes specified in (H.) below.
G. "Cause" defined – defaults which can be cured	Section 9(A)	Real Estate Affiliate or you have 30 days to cure any default not specified in (H.) below, provided that, if such default cannot be cured within 30 days, you must begin curing the default within 30 days and proceed to cure the default in good faith.
H. "Cause" defined – defaults which cannot be cured	Section 9	Non-curable defaults include: a default under the Franchise Agreement prior to the closing required under the REDA, the failure to cure a curable default within the time period specified in (G.) above, one or more of the closing condition under the REDA not being satisfied prior to the closing, the owner of the accepted site failing to

Provision	Section in Agreement	Summary
		perform under the purchase agreement, or the site no longer being acceptable to us for any reason.
I. Your obligations on termination/ non-renewal	Section 7	Pay us amounts owed under the REDA.
J. Assignment of contract by us	Section 12	We may assign our rights under Section 12 of the REDA.
K. "Transfer" by you – definition	Sections 13(F) and 13(G)	Includes sale, assignment, transfer, conveyance, gift, pledge, mortgage, or encumbrance of the real property or the REDA.
L. Our approval of transfer by you	Sections 13(F) and 13(G)	We have the right to approve all transfers, but will not unreasonably withhold approval if certain conditions are met.
M. Conditions for our approval of transfer	Section 13(G)	You must (i) satisfy all money obligations, (ii) not be in default under agreements, (iii) have transferees sign various agreements, and (iv) sign a termination agreement and a general release document in the form attached as Exhibit I to this Disclosure Document.
N. Our right of first refusal to acquire your business	Section 12(B)	We can match any offer (i) for an interest in your business or you, or (ii) for the assets used in your business.
O. Our option to purchase your business	Section 12(A)	We can purchase the assets used in your business 90 days prior to or 30 days after the Franchise Agreement terminates or expires.
P. Your death or disability	Not applicable	Not applicable.
Q. Non-competition covenants during the term of the agreement	Not applicable	Not applicable.
R. Non-competition covenants after the agreement is terminated or expires	Not applicable	Not applicable.
S. Modification of the agreement	Section 13(A)	Amendments must be signed by both parties.
T. Integration/merger clause	Section 13(A)	Only the terms of the REDA. Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any Agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
U. Dispute resolution by arbitration or mediation	Section 11	Except for certain claims, all disputes must be arbitrated in accordance with the AAA's rules in Atlanta, Georgia, or, if our principal place of business is no longer located in Atlanta, Georgia, then at the office of the AAA nearest to our principal place of business.

Provision	Section in Agreement	Summary
V. Choice of forum	Section 11(C)	Actions for equitable or injunctive relief may be brought in federal or state court located in Georgia, subject to state laws.
W. Choice of law	Section 11(A)	Georgia law applies, subject to state laws.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item 19 presents information about the financial performance of franchised Facilities during the calendar year ending December 31, 2022 ("**Calendar Year 2022**") that were active franchises throughout Calendar Year 2022. An "**active franchise**" is a franchise that opened a Facility prior to January 1, 2022 and had not permanently closed such Facility by December 31, 2022.

This Item 19 does not include data for one franchised Facility with a capacity of 418 children (which is significantly larger than a typical Facility), one franchised Facility that closed due to weather damage in February 2021 and remained closed through the First Quarter 2022, and three Primrose on Premise Facilities (which are not representative of a typical Facility) that were active franchises during the applicable period (the "**Excluded Facilities**").

TABLE 1: SUMMARY OF ANNUAL GROSS REVENUES OF FACILITIES BY QUARTILE IN CALENDAR YEAR 2022

	# of Facilities	Average Gross Revenues	# at or Above Average Gross Revenues	% at or Above Average Gross Revenues	Median Gross Revenues	Lowest Gross Revenues	Highest Gross Revenues
Top 25%	115	$3,371,598	40	35%	$3,196,667	$2,809,945	$6,132,906
Second 25%	115	$2,588,153	51	44%	$2,572,592	$2,402,257	$2,809,630
Third 25%	114	$2,216,409	58	51%	$2,225,740	$2,008,047	$2,396,483
Bottom 25%	115	$1,679,680	70	61%	$1,769,284	$768,636	$2,007,398
Total	459	$2,464,499	211	46%	$2,402,257	$768,636	$6,132,906

NOTES TO TABLE 1:

1. Table 1 includes data from 459 Facilities that were active franchises throughout the entire Calendar Year 2022 (out of 483 Facilities that were open franchises as of the end of Calendar Year 2022). It does not include (i) 19 Facilities that opened during Calendar Year 2022 and (ii) five Excluded Facilities. It also does not include one Facility that permanently closed during Calendar Year 2022 (which had been open for at least 12 months prior to closing). No Facilities were reacquired by us during Calendar Year 2022.

TABLES 2 AND 3: PROFIT AND LOSS STATEMENTS

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

Tables 2 and 3 include data from 276 Facilities that were active franchises throughout the entire Calendar Year 2022 (out of 483 Facilities that were open franchises as of the end of Calendar Year 2022). It does not include (i) 19 Facilities that opened during Calendar Year 2022, (ii) five Excluded Facilities, (iii) 38 Facilities that were transferred to a new franchisee during Calendar Year 2022 (and, therefore, did not report a full year of expenses), (iv) 20 Facilities that submitted data that was incomplete or otherwise inconsistent with the categories that we have presented, (v) five Facilities that submitted data in which reported EBITDA that was more than 2.5 standard deviations from the mean, and (vi) 120 Facilities that did not timely submit data. It also does not include one Facility that permanently closed during Calendar Year 2022 (which had been open for at least 12 months prior to closing). No Facilities were reacquired by us or during Calendar Year 2022.

In the tables, the 276 Facilities included in the Calendar Year 2022 data (the "**Included Facilities**") were divided into three groups based on the Gross Revenues of each Facility. The "Top Third" includes the Included Facilities with the highest Gross Revenues. The "Middle Third" includes the Included Facilities with Gross Revenues less than the Top Third but higher than the Bottom Third. The "Bottom Third" includes the Included Facilities with the lowest Gross Revenues.

Table 2 provides a detailed average profit and loss statement for Calendar Year 2022. Table 3 provides additional details concerning several of the line items disclosed in Table 2.

TABLE 2: PROFIT AND LOSS STATEMENT FOR CALENDAR YEAR 2022

	All Included Facilities (276 Facilities)		Top Third (92 Facilities)		Middle Third (92 Facilities)		Bottom Third (92 Facilities)	
During 1/1/22 to 12/31/22	Average	% of Total Gross Revenues	Average	% of Total Gross Revenues	Average	% of Total Gross Revenues	Average	% of Total Gross Revenues
Total Gross Revenues	**$2,519,028**		**$3,257,450**		**$2,473,211**		**$1,826,424**	
Payroll (excluding taxes)	$1,004,533	39.9%	$1,256,276	38.6%	$991,395	40.1%	$765,927	41.9%
Payroll Taxes	$106,653	4.2%	$129,192	4.0%	$107,038	4.3%	$83,729	4.6%
Total Payroll and Taxes	**$1,111,186**	**44.1%**	**$1,385,467**	**42.5%**	**$1,098,434**	**44.4%**	**$849,656**	**46.5%**
Brand Fund Fee - 2% of Gross Rev.	$41,846	1.7%	$52,443	1.6%	$41,405	1.7%	$31,688	1.7%
Royalty Fee - 7% of Gross Rev.	$173,047	6.9%	$220,388	6.8%	$170,463	6.9%	$128,291	7.0%
MLBC & Local Advertising	$28,439	1.1%	$37,205	1.1%	$26,643	1.1%	$21,470	1.2%
Total Brand Fund, Royalty, and MLBC	**$243,332**	**9.7%**	**$310,036**	**9.5%**	**$238,511**	**9.6%**	**$183,086**	**10.0%**
Food	$94,130	3.7%	$112,477	3.5%	$89,238	3.6%	$80,676	4.4%
Educational Supplies	$38,771	1.5%	$44,324	1.4%	$40,232	1.6%	$31,755	1.7%
Bank Charges and Credit Card Fees	$14,905	0.6%	$15,656	0.5%	$13,665	0.6%	$15,393	0.8%
Bus Operating Expenses	$4,835	0.2%	$6,624	0.2%	$5,116	0.2%	$2,765	0.2%
Employee Benefits	$38,620	1.5%	$56,867	1.7%	$31,505	1.3%	$27,487	1.5%
Professional Fees	$25,067	1.0%	$34,192	1.0%	$27,230	1.1%	$13,779	0.8%
Field Trips	$4,325	0.2%	$4,500	0.1%	$4,543	0.2%	$3,932	0.2%
Cleaning Charges	$12,780	0.5%	$13,500	0.4%	$11,807	0.5%	$13,031	0.7%
Misc. Taxes & Licenses	$9,131	0.4%	$15,222	0.5%	$7,126	0.3%	$5,046	0.3%
Office Supplies & Postage Expense	$13,587	0.5%	$15,715	0.5%	$12,880	0.5%	$12,166	0.7%
Printing & Promotional Clothing	$2,687	0.1%	$2,502	0.1%	$3,650	0.1%	$1,910	0.1%
Staff Training	$5,603	0.2%	$7,384	0.2%	$5,229	0.2%	$4,196	0.2%
Supplies (General)	$12,799	0.5%	$16,549	0.5%	$14,300	0.6%	$7,549	0.4%
Telephone Expense	$7,869	0.3%	$8,641	0.3%	$7,819	0.3%	$7,146	0.4%
Uniforms	$3,643	0.1%	$4,318	0.1%	$3,254	0.1%	$3,356	0.2%
Miscellaneous Expenses	$39,016	1.5%	$51,323	1.6%	$37,211	1.5%	$28,513	1.6%
Total Other Expenses	**$327,767**	**13.0%**	**$409,794**	**12.6%**	**$314,806**	**12.7%**	**$258,700**	**14.2%**
Insurance - General Liability	$25,410	1.0%	$26,533	0.8%	$23,055	0.9%	$26,640	1.5%
Maintenance - (Building, Grounds, Equip)	$68,070	2.7%	$86,665	2.7%	$61,084	2.5%	$56,461	3.1%
Utilities	$52,260	2.1%	$59,846	1.8%	$53,522	2.2%	$43,410	2.4%
Rent	$276,634	11.0%	$315,794	12.5%	$282,645	11.2%	$231,463	9.2%
Total Occupancy Expenses	**$422,373**	**16.8%**	**$488,838**	**15.0%**	**$420,307**	**17.0%**	**$357,975**	**19.6%**
Total Expenses	**$2,104,658**	**83.6%**	**$2,594,135**	**79.6%**	**$2,072,058**	**83.8%**	**$1,649,417**	**90.3%**
EBITDAR (Note 1)	**$691,005**	**27.4%**	**$979,109**	**32.9%**	**$683,799**	**27.4%**	**$408,470**	**18.9%**
EBITDA (Note 1)	**$414,371**	**16.4%**	**$663,315**	**20.4%**	**$401,154**	**16.2%**	**$177,007**	**9.7%**

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

	2022			
	All Included Facilities	**Top Third**	**Middle Third**	**Bottom Third**
# of Facilities	276	92	92	92
Gross Revenues				
Average	$2,519,028	$3,257,450	$2,473,211	$1,826,424
# and % Above Avg	132 / 48%	38 / 41%	48 / 52%	57 / 62%
Median	$2,496,962	$3,122,119	$2,496,962	$1,923,888
Highest	$4,715,699	$4,715,699	$2,745,635	$2,231,128
Lowest	$80,920	$2,749,509	$2,232,167	$80,920
Total Expenses				
Average	$2,104,658	$2,594,135	$2,072,058	$1,649,417
# and % Above Avg	125 / 45%	41 / 45%	43 / 47%	55 / 60%
Median	$2,046,178	$2,519,274	$2,028,569	$1,717,248
Highest	$4,009,809	$4,009,809	$2,869,472	$2,533,894
Lowest	$26,395	$1,766,018	$1,083,413	$26,395
EBITDA				
Average	$414,371	$663,315	$401,154	$177,007
# and % Above Avg	129 / 47%	45 / 49%	47 / 51%	40 / 43%
Median	$393,873	$640,860	$405,178	$138,894
Highest	$1,321,148	$1,321,148	$1,265,013	$1,260,995
Lowest	$(496,352)	$(134,356)	$(303,047)	$(496,352)

NOTES TO TABLES 2 AND 3:

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

2. 172 Included Facilities (62% of all Included Facilities) (the "**Assisted Facilities**") received federal and/or state relief, grants, or other forms of financial assistance ("**Government Grants**") in Calendar Year 2022 that are not reflected in these profit and loss statements, because such Government Grants may not be available to new franchisees. The average amount of Government Grants received by the Assisted Facilities in Calendar Year 2022 was $376,832 (the median Government Grant was $366,215, the lowest Government Grant was $3,350, the highest Government Grant was $1,188,880, and 83 (48%) of the Assisted Facilities reported Government Grants above the average). When the Government Grants are included in the profit and loss statement for the Assisted Facilities, the average EBITDA for Assisted Facilities in Calendar Year 2022 was $770,133 (the median EBITDA was $710,792, the lowest EBITDA was $(195,065), the highest EBITDA was $2,025,053, and 76 (44%) Assisted Facilities reported EBITDA above the average).

NOTES TO ITEM 19:

1. "Gross Revenues" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by a franchisee, and by persons other than such franchisee, in connection with such franchisee's business or otherwise at or through its Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. You should refer to Section 11.1 of the Franchise Agreement for a complete understanding of what is included in Gross Revenues.

2. The data included in this Item 19 is based on information reported to us by our franchisees. This data has not been audited, nor have we independently verified the data we received from the franchisees, although we have no reason to believe that the information provided to us is not complete, correct and accurate.

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

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

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

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

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

Table No. 1
System-wide Facility Summary
For Fiscal Years 2020 to 2022

Facility Type	Year	Facilities at the Start of the Year	Facilities at the End of the Year	Net Change
Franchised	**2020**	418	445	+27
	2021	445	465	+20
	2022	465	483	+18
Company-Owned	**2020**	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Facilities	**2020**	418	445	+27
	2021	445	465	+20
	2022	465	483	+18

Table No. 2
Transfers of Facilities from Franchisees to New Owners (other than us or our affiliates)
For Years 2020 to 2022

State	Year	Number of Transfers
Alabama	**2020**	0
	2021	0
	2022	1
Arizona	**2020**	0
	2021	0
	2022	3
Colorado	**2020**	1
	2021	3
	2022	2
Florida	**2020**	0
	2021	1
	2022	5
Georgia	**2020**	2
	2021	5
	2022	5
Illinois	**2020**	0
	2021	0
	2022	2
Indiana	**2020**	0
	2021	0
	2022	1
Minnesota	**2020**	0
	2021	2
	2022	1
Missouri	**2020**	1
	2021	0
	2022	0
North Carolina	**2020**	1
	2021	3
	2022	2
Nebraska	**2020**	0
	2021	1
	2022	0
New Jersey	**2020**	0
	2021	0
	2022	1
Ohio	**2020**	0
	2021	0
	2022	6
Oregon	**2020**	1
	2021	0
	2022	0

State	Year	Number of Transfers
Tennessee	**2020**	0
	2021	0
	2022	3
Texas	**2020**	3
	2021	4
	2022	4
Virginia	**2020**	0
	2021	0
	2022	2
TOTALS	**2020**	**9**
	2021	**19**
	2022	**38**

Table No. 3
Status of Franchised Facilities
For Years 2020 to 2022

State	Year	Facilities at Start of Year	Facilities Opened	Terminations (note 1)	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Facilities at End of Year
AL	**2020**	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
AR	**2020**	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
AZ	**2020**	10	0	0	0	0	0	10
	2021	10	0	0	0	0	0	10
	2022	10	1	0	0	0	0	11
CA	**2020**	3	1	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
CO	**2020**	28	1	0	0	0	0	29
	2021	29	1	0	0	0	0	30
	2022	30	1	1	0	0	0	30
DC	**2020**	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
FL	**2020**	27	3	0	0	0	0	30
	2021	30	1	0	1	0	0	30
	2022	30	0	0	0	0	0	30
GA	**2020**	46	0	0	0	0	0	46
	2021	46	0	0	0	0	0	46
	2022	46	0	0	0	0	0	46
IL	**2020**	6	1	0	0	0	0	7
	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7

State	Year	Facilities at Start of Year	Facilities Opened	Terminations (note 1)	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Facilities at End of Year
IA	**2020**	0	1	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
IN	**2020**	10	1	0	0	0	0	11
	2021	11	0	0	0	0	0	11
	2022	11	0	0	0	0	0	11
KS	**2020**	7	1	0	0	0	0	8
	2021	8	0	0	0	0	0	8
	2022	8	0	0	0	0	0	8
KY	**2020**	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
MD	**2020**	1	2	0	0	0	0	3
	2021	3	1	0	0	0	0	4
	2022	4	1	0	0	0	0	5
MA	**2020**	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	2	0	0	0	0	8
MI	**2020**	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MN	**2020**	19	1	0	0	0	0	20
	2021	20	0	0	0	0	0	20
	2022	20	2	0	0	0	0	22
MO	**2020**	4	2	0	0	0	0	6
	2021	6	1	0	0	0	0	7
	2022	7	0	0	0	0	0	7
NE	**2020**	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	0	0	0	0	0	5
NV	**2020**	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	2	0	0	0	0	3
NH	**2020**	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NJ	**2020**	10	1	0	0	0	0	11
	2021	11	1	0	1	0	0	11
	2022	11	1	0	0	0	0	12
NC	**2020**	23	1	0	0	0	0	24
	2021	24	0	0	0	0	0	24
	2022	24	0	0	0	0	0	24
NY	**2020**	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2

State	Year	Facilities at Start of Year	Facilities Opened	Terminations (note 1)	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Facilities at End of Year
OH	**2020**	31	0	0	0	0	0	31
	2021	31	1	0	0	0	0	32
	2022	32	2	0	0	0	0	34
OK	**2020**	4	2	0	0	0	0	6
	2021	6	2	0	0	0	0	8
	2022	8	0	0	0	0	0	8
OR	**2020**	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	0
PA	**2020**	4	0	0	0	0	0	4
	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
SC	**2020**	5	0	0	0	0	0	5
	2021	5	0	0	0	0	0	5
	2022	5	1	0	0	0	0	6
TN	**2020**	11	0	0	0	0	0	11
	2021	11	3	0	0	0	0	14
	2022	14	0	0	0	0	0	14
TX	**2020**	131	5	1	0	0	0	135
	2021	135	1	0	0	0	0	136
	2022	136	2	0	0	0	0	138
VA	**2020**	16	3	0	0	0	0	19
	2021	19	2	0	0	0	0	21
	2022	21	0	0	0	0	0	21
WA	**2020**	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
WI	**2020**	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	**2020**	**418**	**28**	**1**	**0**	**0**	**0**	**445**
	2021	**445**	**22**	**0**	**2**	**0**	**0**	**465**
	2022	**465**	**19**	**1**	**0**	**0**	**0**	**483**

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

Table No. 4
Status of Company-Owned Facilities
For Years 2020 to 2022

State	Year	Facilities at Start of Year	Facilities Opened	Facilities Reacquired from Franchisee	Facilities Closed	Facilities Sold to Franchisee	Facilities at End of Year
Total	**2020**	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5
Projected Openings as of December 31, 2022
For following 12-month period ending December 31, 2023

State	Franchise Agreements Signed but Facility Not Opened as of December 31, 2022	Projected New Franchised Facilities in 2023	Projected New Company-Owned Facilities in 2023
Alabama	1	1	0
Arizona	2	1	0
Arkansas	2	0	0
California	17	1	0
Colorado	5	0	0
Florida	12	1	0
Georgia	7	3	0
Idaho	3	1	0
Illinois	4	1	0
Indiana	1	1	0
Iowa	1	0	0
Kansas	2	1	0
Louisiana	1	0	0
Maryland	10	1	0
Massachusetts	7	2	0
Michigan	1	0	0
Minnesota	1	0	0
Missouri	1	0	0
Nebraska	2	1	0
Nevada	2	0	0
New Jersey	13	3	0
New Mexico	2	0	0
New York	5	1	0
North Carolina	4	1	0
Ohio	9	2	0
Oklahoma	3	0	0
Oregon	2	0	0
Pennsylvania	2	0	0
Tennessee	5	2	0

State	Franchise Agreements Signed but Facility Not Opened as of December 31, 2022	Projected New Franchised Facilities in 2023	Projected New Company-Owned Facilities in 2023
Texas	27	1	0
Utah	1	0	0
Virginia	6	1	0
Washington	4	0	0
Wisconsin	1	0	0
Total	**166**	**26**	**0**

Current and Former Franchisees. Set forth on **Exhibit D** to this Disclosure Document are the names of all current franchisees and the address of each of their Facilities. Set forth on **Exhibit D** to this Disclosure Document are the names, city and state, of every franchisee who had a Primrose® franchise terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under any Franchise Agreement during the most recently completed fiscal year or who has not communicated with us or our affiliates within 10 weeks of this Disclosure Document's issuance date.

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

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

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

ITEM 21. FINANCIAL STATEMENTS

Attached as **Exhibit A** to this Disclosure Document are the audited balance sheets and income statements of our affiliate, PSFG, as of December 31, 2022 and December 31, 2021. Because PSFG was organized in April 2021, it does not have available, and we cannot yet include, three full years of audited financial statements for PSFG. PSFG guarantees the performance of our obligations under the Franchise Agreement. A copy of PSFG's Guaranty of our obligations is also attached as Exhibit A.

Also attached as **Exhibit A** to this Disclosure Document is the unaudited balance sheet and income statement of PSFG as of March 31, 2022. These financial statements are unaudited and include, in the opinion of management, normal recurring adjustments necessary to fairly state our financial condition as of that date. These financial statements have not been reviewed by an accountant and do not contain any financial statement notes.

ITEM 22. CONTRACTS

EXHIBITS

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

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

I. General Release
J. Franchisee Disclosure Questionnaire

Exhibit A
to
Franchise Disclosure Document

FINANCIAL STATEMENTS

(attached)

GUARANTEE OF PERFORMANCE

For value received, PRIMROSE SCHOOL FRANCHISING GUARANTOR LLC, a Delaware limited liability company with a principal place of business at 3200 Windy Hill Road SE, Suite 1200E Atlanta, Georgia 30339 (the **"Guarantor"**), absolutely and unconditionally guarantees to assume the duties and obligations of PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company with a principal place of business at 3200 Windy Hill Road SE, Suite 1200E Atlanta, GA 30339 (the "**Franchisor**"), under (a) its franchise registration in each state where the franchise is registered and (b) its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as such Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until (i) all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or (ii) the liability of the Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at 3200 Windy Hill Road SE, Suite 1200E Atlanta, GA 30339 on the ___27th_ day of April, 2023.

Guarantor:

PRIMROSE SCHOOL FRANCHISING GUARANTOR LLC

By: _____

Name: Steven A. Clemente

Title: President

Primrose School Franchising Guarantor LLC

Financial Statements
December 31, 2022

Primrose School Franchising Guarantor LLC
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December 31, 2022

Report of Independent Auditors

To the Management of Primrose School Franchising Guarantor LLC

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP

Atlanta, Georgia
March 31, 2023

Primrose School Franchising Guarantor LLC
Balance Sheet
December 31, 2022

	2022
Assets	
Current assets	
Cash and cash equilavents	$ 6,000,000
Total assets	$ 6,000,000
Liabilities	
Current liabilities	$ -
Total liabilities	-
Member's Equity	
Contributed capital	6,000,000
Total member's equity	6,000,000
Total liabilities and member's equity	$ 6,000,000

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

Primrose School Franchising Guarantor LLC
Statement of Operations
Year Ended December 31, 2022

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

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

Primrose School Franchising Guarantor LLC
Statement of Changes in Member's Equity
Year Ended December 31, 2022

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

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

Primrose School Franchising Guarantor LLC
Statement of Cash Flows
Year Ended December 31, 2022

	2022
Cash flows from operating activities	
Net income	$ -
Net cash provided by operating activities	-
Net increase in cash	-
Cash	
Beginning of period	6,000,000
End of period	$ 6,000,000

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

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

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

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

The Company's fiscal year ends December 31, 2022.

Guarantee of Performance

Primrose School Franchising Guarantor LLC absolutely and unconditionally guarantees to assume the duties and obligations of Primrose SPE, under (a) its franchise registration in each state where the franchise is registered and (b) its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as such Franchise Agreement may be entered into with franchisees and amended, modified, or extended from time to time. This guarantee continues until (i) all such obligations of Primrose SPE under its franchise registrations and the Franchise Agreement are satisfied or (ii) the liability of Primrose SPE to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Company is not discharged from liability if a claim by a franchisee against Primrose SPE remains outstanding. Notice of acceptance is waived. The Company does not waive receipt of notice of default on the part of Primrose SPE. This guarantee is binding on the Company and its successors and assignees.

Basis of Accounting

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

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

Cash
The cash is a highly liquid checking account. As of December 31, 2022, cash consisted of funds on deposit with commercial banks that are insured by the Federal Deposit Insurance Corporation. At times, cash balances may exceed federally insured limits. However, the Company believes the risk of loss to be remote.

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

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

2. Related Party Transactions

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

3. Subsequent Events

Management evaluated events occurring subsequent to December 31, 2022 through March 31, 2023, the date the consolidated financial statements were available for issuance, and determined that no matters were identified affecting the Company's financial position or that required further disclosure.

Primrose School Franchising Guarantor LLC

Financial Statements
As of December 31, 2021 and for the Period From April 22, 2021 to December 31, 2021

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Report of Independent Auditors

To the Management of Primrose School Franchising Guarantor LLC

Opinion

We have audited the accompanying financial statements of Primrose School Franchising Guarantor LLC (the "Company"), which comprise the balance sheet as of December 31, 2021, and the related statements of operations, of changes in member's equity and of cash flows for the period from April 22, 2021 to December 31, 2021, including the related notes (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for the period from April 22, 2021 to December 31, 2021 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

PricewaterhouseCoopers LLP

Atlanta, Georgia
April 26, 2022

Primrose School Franchising Guarantor LLC
Balance Sheet
December 31, 2021

	2021
Assets	
Current assets	
Cash and cash equivalents	$ 6,000,000
Total assets	$ 6,000,000
Liabilities	
Current liabilities	$ -
Total liabilities	-
Member's Equity	
Contributed capital	6,000,000
Total member's equity	6,000,000
Total liabilities and member's equity	$ 6,000,000

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

Primrose School Franchising Guarantor LLC
Statement of Operations
Period From April 22, 2021 to December 31, 2021

	2021
Revenues	
Revenue	$ -
Total revenues	-
Operating expenses	
Selling, general and administrative	-
Total operating expenses	-
Operating income	-
Other expenses	
Interest expense	-
Total other expenses	-
Net income	$ -

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

Primrose School Franchising Guarantor LLC
Statement of Changes in Member's Equity
Period From April 22, 2021 to December 31, 2021

	Member's Equity
Balance at April 22, 2021	$ -
Member contributions	6,000,000
Balance at December 31, 2021	$ 6,000,000

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

Primrose School Franchising Guarantor LLC
Statement of Cash Flows
Period From April 22, 2021 to December 31, 2021

	2021
Cash flows from operating activities	
Net income	$ -
Net cash provided by operating activities	-
Cash flows from financing activities	
Contributions from member	6,000,000
Net cash used in financing activities	6,000,000
Net increase in cash	6,000,000
Cash	
Beginning of period	-
End of period	$ 6,000,000

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

1. Description of Business and Summary of Significant Accounting Policies

Description of Business

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

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

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

The Company's fiscal year ends December 31, 2021.

Guarantee of Performance

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

Basis of Accounting

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

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and

liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

Cash
The cash is a highly liquid checking account. As of December 31, 2021, cash consisted of funds on deposit with commercial banks that are insured by the Federal Deposit Insurance Corporation. At times, cash balances may exceed federally insured limits. However, the Company believes the risk of loss to be remote.

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

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

2. Related Party Transactions

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

3. Subsequent Events

Management evaluated events occurring subsequent to December 31, 2021 through April 26, 2022, the date the consolidated financial statements were available for issuance, and determined that no matters were identified affecting the Company's financial position or that required further disclosure.

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

Prirmose School Franchising Guarantor LLC
Balance Sheet
3/31/2023

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

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

Primrose School Franchising Guarantor LLC
Income Statement
Quarter Ended 3/31/2023

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

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

Exhibit B
to
Franchise Disclosure Document

STATE SPECIFIC ADDENDUM

(attached)

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

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

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

State Specific Addendum to Franchise Disclosure Document
(California)

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

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

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

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

4. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

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

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

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

8. The Franchise Agreement requires binding arbitration. The arbitration will occur at the offices of our principal place of business (currently Atlanta, Georgia) or another suitable location chosen by us in the city where our headquarters is located, with the prevailing party's costs and expenses to be borne by the other party. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

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

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

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

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

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

14. The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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

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

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

State Specific Addendum to Franchise Disclosure Document
(Hawaii)

THESE FRANCHISES 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 FDD, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FDD 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.

Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

State Specific Addendum to Franchise Disclosure Document
(Illinois)

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

1. The subheading titled "Development Expenses" in Item 5 of the Franchise Disclosure Document is modified by adding the following at the end of the second paragraph therein:

   "We estimate that the amount that you will be required to reimburse us for our costs and expenses under the REDA will range from $100,000 and $250,000".

2. Illinois law governs the Franchise Agreement(s).

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

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

5. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

6. We have no obligation to resolve any conflicts that arise between Primrose® franchisees or between franchisees of our affiliated companies.

State Specific Addendum to Franchise Disclosure Document
(Indiana)

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

1. Item 3 is amended by adding the following:

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

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

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

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

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

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

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

State Specific Addendum to Franchise Disclosure Document
(Maryland)

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

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

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

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

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

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

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

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

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

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

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

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

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

7. The following is added to the Disclosure Document:

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

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

BOND NO. 800049934

STATE OF MARYLAND
SECURITIES DIVISION
FRANCHISOR SURETY BOND

KNOW ALL MEN BY THESE PRESENTS, THAT

Primrose School Franchising SPE, LLC
(Name of Franchisor)

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

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

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

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

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

NOW, THEREFORE, the Principal agrees as follows:

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

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

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

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

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

Atlantic Specialty Insurance Company
(Name of Surety)

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

Primrose School Franchising SPE, LLC
(Name of Franchisor)

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

****

Approved as to form:

_____
Assistant Attorney General

_____
Date

INSTRUCTIONS:

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

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

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

(INDIVIDUAL PROPRIETORSHIP)

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

by _____
(Name of Person Acknowledged)

(CORPORATION)

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

by _____, President of
(Name of Corporation President)

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

(PARTNERSHIP)

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

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

_____, a partnership.
(Name of Partnership)

_____
Notary Public

NOTARY SEAL Cty: _____ Comm. Exp: _____

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

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

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

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

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

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

_____
Notary Public

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

OneBeacon

Power of Attorney

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

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

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

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

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

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

ATLANTIC SPECIALTY INSURANCE COMPANY CORPORATE SEAL 1986 NEW YORK

By _____
Paul J. Brehm, Senior Vice President

STATE OF MINNESOTA
HENNEPIN COUNTY

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

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

_____
Notary Public

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

Signed and sealed. Dated 13th day of November 2019

ATLANTIC SPECIALTY INSURANCE COMPANY CORPORATE SEAL 1986 NEW YORK

This Power of Attorney expires
October 1, 2019

_____
Christopher V. Jerry, Secretary

State Specific Addendum to Franchise Disclosure Document
(Minnesota)

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

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

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

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

3. Item 17 is hereby modified to say, with respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

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

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

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

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

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

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

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

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

State Specific Addendum to Franchise Disclosure Document
(New York)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

State Specific Addendum to Franchise Disclosure Document
(North Dakota)

The Securities Commissioner of North Dakota has held the following to be unfair, unjust or inequitable to North Dakota franchisees (Section 51-19-09, N.D.C.C.):

A. Restrictive Covenants: Franchise Disclosure Documents which disclose the existence of covenants restricting competition contrary to Section 9-08-06, N.D.C.C., without further disclosing that such covenants will be subject to this statute.

B. Situs of Arbitration Proceedings: Franchise Agreements providing that the parties must agree to the arbitration of the disputes at a location that is remote from the site of the franchisees' business.

C. Restriction on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.

D. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.

E. Applicable Laws: Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota.

F. Waiver of Trial by Jury: Requiring North Dakota franchisees to consent to the waiver of a trial by jury.

G. Waiver of Exemplary & Punitive Damages: Requiring North Dakota franchisees to consent to a waiver of exemplary and punitive damages.

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

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

State Specific Addendum to Franchise Disclosure Document
(Rhode Island)

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

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

State Specific Addendum to Franchise Disclosure Document
(Virginia)

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

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

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

State Specific Addendum to Franchise Disclosure Document
(Washington)

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

2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

7. 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.

Exhibit C
to
Franchise Disclosure Document

FRANCHISE AGREEMENT

PRIMROSE SCHOOL FRANCHISING SPE, LLC

FRANCHISE AGREEMENT

"The Leader in Early Education and Care"®

[FRANCHISEE ENTITY NAME]

PRIMROSE SCHOOL OF [SCHOOL NAME]
CITY, STATE

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EXHIBITS

PRIMROSE SCHOOL FRANCHISING SPE, LLC

FRANCHISE AGREEMENT

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

RECITALS:

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

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

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

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

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

F. Each Owner must sign the Payment and Performance Guarantee, in the form attached at the end of this Agreement, undertaking personally to be bound, jointly or severally, by

all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor (the "**Guarantee**"); and

G. Franchisor grants to qualified entities franchises to own and operate Primrose® learning, recreational, and child care facilities that provide authorized services and activities utilizing the System and the Marks ("**System Facilities**" or "**Facilities**"), and Franchisee desires to operate a System Facility under the System and using the Marks and has applied for a franchise and such application has been approved by Franchisor in reliance upon all of the representations made therein.

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

1. APPOINTMENT AND FRANCHISE FEE

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

1.2 Development Area and Designated Area.

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

(b) Designated Area.

(i) Designation. Between the second anniversary of the Opening Date and the date that is six months after the second anniversary of the Opening Date, Franchisee may request in writing that Franchisor designate a protected territory around the Facility (the **"Designated Area"**). Within 90 days of receiving Franchisee's request, Franchisor shall

determine, in its sole discretion, the boundaries of the Designated Area, which Franchisor shall set forth in Exhibit A.4 or otherwise in writing. The "Designated Area" will not include any existing or potential Primrose on Premise Locations that are located within the boundaries of the area that Franchisor specifies as the Designated Area. If Franchisee does not make a timely written request for the designation of a Designated Area, Franchisor shall not be obligated to establish a Designated Area. However, Franchisor may, in its sole discretion, designate a Designated Area (even if not requested by Franchisee) at any time after the earlier of (a) the second anniversary of the Opening Date or (b) the date on which the Facility achieves an actual enrollment of at least 75% of its actual capacity on a full-time-equivalency basis at such Facility as determined by Franchisor. Franchisee may relocate its Facility anywhere within the Designated Area, but only with the prior approval of Franchisor and no such relocation will result in an adjustment of the Designated Area unless Franchisor consents in writing to, or requires, such adjustment.

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

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

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

Area described in Section 1.2(a) (Development Area), Franchisor and its affiliates have the right to conduct any business activities, under any name, in any geographic area, and at any location, regardless of the proximity to or effect on Franchisee's Facility. For example, without limitation:

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

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

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

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

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

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

2. TERM AND SUCCESSOR TERMS

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

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

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

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

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

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

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

(f) Franchisee has complied with Franchisor's then-current qualification and training requirements (including the payment of the then-current successor term training fee);

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

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

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

3. THE FACILITY

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

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

3.3 Development by Franchisee. If Franchisor, in its sole discretion, agrees in writing to allow Franchisee to develop the site without executing the REDA, as applicable, Franchisee will accept, acquire, and develop the site in accordance with this Section 3 (The Facility). Real Estate Affiliate or Franchisee (as dictated by Franchisor) shall pay Franchisor a real estate fee equal to $70,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)). Real Estate Affiliate or Franchisee shall pay $25,000 of the Real Estate Fee on the Effective Date and the remaining $45,000 at the Closing (as defined in Section 3.3(d)(vii)). If Real Estate Affiliate or Franchisee (a) executes a Construction Contract (as defined in Section 3.3(i)(iii)) within eight weeks after Franchisor provides written notice that Franchisor is beginning to solicit construction bids and (b) secures Construction/Permanent Financing (as defined in Section 3.3(i)(ii)), which is acceptable to Franchisor, within 45 days after Franchisor provides written notice to Franchisee to begin the process of securing such financing, the payment due at Closing shall be reduced to $30,000.

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

(b) Acceptance of Site. Upon Franchisor's review of the SLA prepared by Franchisee, Franchisor may accept or reject the proposed site in writing in its sole discretion. If accepted by Franchisor, Franchisor will insert the address of the site into Exhibit A.3 or otherwise designate the accepted site in writing. If for any reason a proposed site is not accepted by Franchisor, then Franchisee shall seek a substitute site within the Development Area for acceptance by Franchisor. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee

for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site is to merely determine whether the site meets Franchisor's criteria, (iii) **Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose® franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind,** and (iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site. Franchisor makes no representations, warranties or guarantees to Franchisee or Real Estate Affiliate relating to the site.

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

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

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

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

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

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

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

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

(vii) Coordinate all necessary closing documents with Franchisor and Franchisee's and/or Real Estate Affiliate's lender in regard to the closing of the Purchase Agreement between the seller of the site (the "**Seller**") and Real Estate Affiliate for the purchase

of such site (the "**Closing**"). Franchisor shall have no responsibility for the Closing or liability for the failure of the Closing to occur for any reason; and

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

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

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

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

(i) Franchisor has the right to designate a construction manager for the Facility or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance.

(ii) Franchisee must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted construction manager to design and plan

the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b) assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Franchisee shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Franchisee's assumption of the contract. In each case, Franchisee shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor.

(h) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance.

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

(i) Franchisee and/or Real Estate Affiliate must have provided Franchisor with a loan commitment letter in a form and substance reasonably satisfactory to Franchisor;

(ii) Franchisee and/or Real Estate Affiliate must have obtained construction and permanent financing for development of the Facility on terms reasonably satisfactory to Franchisor ("**Construction/Permanent Financing**");

(iii) Franchisee and/or Real Estate Affiliate must have entered into a construction contract ("**Construction Contract**") for construction of the Facility;

(iv) Franchisee must have paid to Franchisor the balance of the Real Estate Fee, the Initial Training Fee (as defined in Section 5.1 (Initial Training)), any Development Expenses owed (as defined in Section 3.9 (Site Development Expenses)), and any Additional Expenses owed (as defined in Section 3.15 (Payment of Additional Expenses)); and

(v) The Closing must take place under the Purchase Agreement and under any agreements related to the Construction/Permanent Financing. Immediately thereafter, Franchisee and/or Real Estate Affiliate agree to take all appropriate actions to initiate immediate construction of the Facility pursuant to Section 3.8 (Construction of Facility).

(j) Substitution of the Site. If at any time any site that has been located by Franchisee and accepted by Franchisor that has been placed under a Purchase Agreement by Franchisee is determined to be unfeasible by Franchisor or Franchisee for the development of a System Facility for any reason, including the inability of Franchisee to obtain a Building Permit Authorization, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 (Failure to Locate or Develop a Site) or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. If Franchisee leases such real property and improvements from a lessor other than Franchisor then, prior to entering into such lease, Franchisee and such lessor shall be required to execute Franchisor's then-current form of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's or Real Estate Affiliate's discussions with such potential lessor and lender.

(b) Lease or Sublease from Parties Other than Franchisor. Except where Franchisee leases the real property and improvements included in the Facility from Franchisor, (i) Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility and (ii) the form of any lease for such real property and improvements, or any renewal thereof, shall be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's approval for the lease and execute the lease (i) within 60 days after the site is accepted by Franchisor, if it is the first lease for the Facility or (ii) at least 10 days before the expiration or termination of the previous lease, if it is a subsequent or renewal lease for the Facility. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee does not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that Franchisee does not exercise such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (a) the business or economic terms of the transaction, (b) the potential profitability of a Facility at that site, or (c) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

(d) Lease or Sublease from Franchisor. Franchisor may, but is not obligated to, lease or sublease the real property and improvements included in the Facility to Franchisee. In such case, Franchisee agrees to execute Franchisor's form lease or sublease. In the event of a sublease of such real property and improvements by Franchisor to Franchisee, Franchisor may charge a rent to Franchisee in excess of Franchisor's rent under its master lease agreement for such real property and improvements. Franchisee shall pay Franchisor promptly upon demand for all expenses incurred by Franchisor in preparing the final form of lease or sublease for such real property and improvements, including attorneys' fees, regardless of whether or not such lease or sublease is actually executed by Franchisee or Franchisor.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: (i) any Real Estate Affiliate owns or at any time proposes to purchase and own any or all of the real property and improvements included in the Facility, or (ii) Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such ownership or purchase described above, Franchisee and any affiliate, as applicable, must execute and deliver Franchisor's then-current form of Memorandum of Acquisition Rights, which may be modified as Franchisor deems appropriate to conform to state and local laws and customary practices. Prior to any such financing described above, any such lender shall be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the

agreements described above in Section 3.4(a) (Required Agreements) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third-party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (a) the business or economic terms of the transaction, (b) the potential profitability of a Facility at that site, or (c) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any purchase contract, loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement);

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(v) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business

potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor, Franchisee, or Real Estate Affiliate are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor and a reasonable fee for its services in connection with any such relocation of the Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after accepting the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) obtain all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) complete the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise complete development of and have the Facility ready to open and operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Architectural Plans. All architectural plans and specifications and all modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review all architectural plans and modifications submitted to it by Franchisee. All copies of architectural plans and specifications of the Facility are the sole and absolute property of Franchisor, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such Facility meets

Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If the contractor who is chosen to build the Facility will own the site on which the Facility will be located, prior to approving any architectural plans and specifications submitted by Franchisee, Franchisor may require that the contractor enter into an agreement whereby the contractor shall offer Franchisor an option to purchase the site and Facility on the same terms and conditions as it would be purchased by Franchisee or its affiliate, in the event that the sale of the site and Facility to such Franchisee or affiliate should not be consummated for whatever reason.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by Real Estate Affiliate or an approved Developer, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for engineering, environmental studies, soil samples, architectural fees, legal fees, travel expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor agrees to locate a substitute site pursuant to Section 3.3(g), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor its Development Expenses at the Closing. However, anytime Real Estate Affiliate or an approved Developer has not reimbursed Franchisor, Franchisor may require Franchisee to immediately pay Franchisor the accrued Development Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor. Franchisee agrees that if Closing does not take place as herein provided or if Franchisee incurs additional Development Expenses after Closing, then all such Development Expenses shall be paid by Franchisee to Franchisor within ten days of the date that Franchisor invoices Franchisee. Franchisor may also have the right to require Franchisee to establish a reserve account with Franchisor, the purpose of which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to

Franchisor an accounting of the development costs for the Facility, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Franchisee may purchase or lease original and replacement signs and decorating materials meeting such specifications from any source, provided that prior to obtaining any such sign Franchisor has approved the use of the Marks and the source in writing. If Franchisee proposes to purchase or lease any signs or decorating materials that have not already been approved by Franchisor as meeting its specifications, Franchisee shall first notify Franchisor and Franchisor may require samples to determine whether such signs or decorating materials meet its specifications. Franchisor shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by Franchisor. Franchisor shall advise Franchisee within a reasonable time whether any such sign or decorating materials meet its specifications.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide

program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand the entire costs thereof plus any additional expenses incurred by Franchisor to implement such changes.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term, except as otherwise provided in Section 19.2(c)(i)(g) in the event of a Control Transfer (as defined in Section 19.2 (By Franchisee)). If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party (collectively, the "**Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

4. GOODS, SERVICES, EQUIPMENT, AND VEHICLES

4.1 Approved Goods and Suppliers.

(a) Right to Set Requirements. In order to maintain the high standards of quality and safety desirable in operating a child care center, Franchisor may require Franchisee to make certain purchases for the establishment and continuing operation of the Facility and may change from time to time the items that are required. Franchisee recognizes that it is essential to the provision of quality educational, recreational, and child care services that only high-quality items and services, including furniture, fixtures, equipment, signs, stationery and printed materials, office supplies, games, toys, academic curriculum materials, school supplies, food, cleaning supplies, kitchen supplies, items bearing the Marks, Technology (as defined in Section 4.4(a) (Technology), services, and other supplies and products (collectively, "**Goods**") be used or offered in the Facility. Franchisor has the right to require that Goods that Franchisee purchases for resale or purchases or leases for use in its Facility: (i) meet specifications that Franchisor

establishes from time to time; (ii) are a specific brand, kind, or model; (iii) are purchased or leased only from suppliers or service providers that Franchisor has expressly approved; and/or (iv) are purchased or leased only from a single source that Franchisor designates (which may include Franchisor or its affiliates or a buying cooperative or similar group buying arrangement organized by Franchisor or its affiliates). To the extent that Franchisor establishes specifications, requires approval of suppliers or service providers, or designates specific suppliers or service providers for particular items or services, Franchisor will publish its requirements in the Manuals or otherwise in writing. In addition, the following items have additional requirements and specifications:

(i) Toys and Academic Curriculum Materials. Franchisor will require that the original approved inventory of toys, academic curriculum materials, and related equipment and supplies be maintained in good, safe, and usable condition. Franchisee may be required to add new toys, academic curriculum materials, and related equipment and supplies to the inventory periodically. Franchisor also may require the purchase of new educational programs where such programs reflect significant advances in educational value, in the opinion of Franchisor. Franchisee must purchase replacement toys, academic curriculum materials, and related equipment that meet Franchisor's specifications from a vendor that Franchisor has approved. Specifications for, and approvals of, original, replacement and additional toys, academic curriculum materials, and related equipment and supplies are based upon such criteria as safety, durability, educational value and usability by the age group in question. Franchisor may require Franchisee to license academic curriculum materials, including programs, lesson plans, and other written or audio-visual materials in either a digital or hard copy format, from Franchisor or its affiliates. Upon written notice to Franchisee, Franchisor may require Franchisee to pay a reasonable license fee, as determined by Franchisor from time to time in its sole discretion, for such licensed academic curriculum materials.

(ii) Food. Franchisor's menu and snack standards are set forth in the Confidential Manuals. These standards must be followed in order to assure adequate nutrition for the children. Franchisor will assist in identifying quality food suppliers in the area.

(iii) Insurance. Franchisee must purchase insurance and present appropriate insurance certificates to Franchisor for approval at a time that Franchisor designates prior to opening the Facility, as further described in Section 15 (Insurance) of this Agreement.

(iv) Cleaning Supplies. All of Franchisee's cleaning supplies shall be non-toxic. All cleaning supplies shall be stored in a safe place out of reach of children, as set forth in the Confidential Manuals from time to time.

(b) Permitted Offerings. Franchisee may offer in the Facility to customers only the products, services, programs, and classes ("**Offerings**") that Franchisor has approved in writing. In addition, Franchisee must offer the specific Offerings that Franchisor requires in the Manuals or otherwise in writing. Franchisor may change these specifications periodically, and Franchisor may designate specific Offerings as optional or mandatory. Franchisee must offer all Offerings that Franchisor designates as mandatory. Franchisee may sell Offerings only in the forms that Franchisor has approved in accordance with Franchisor's standards, including by implementing, at Franchisee's expense, any new curriculum, programs, or systems that Franchisor requires.

(c) Revenue from Purchases. Franchisee acknowledges and agrees that Franchisor and/or its affiliates may derive revenue based on Franchisee's purchases and leases,

including from charging Franchisee for products and services Franchisor and its affiliates provide to Franchisee and from promotional allowances, volume discounts, and other payments made to Franchisor by suppliers and/or distributors that Franchisor designates or approves for some or all of its franchisees. Franchisor and its affiliates may use all amounts received from suppliers and/or distributors, whether or not based on Franchisee's or other franchisees' actual or prospective dealings with them, without restriction for any purposes Franchisor or its affiliates deem appropriate. If Franchisee derives any revenue based on payments or promotional allowances received from suppliers and/or distributors, Franchisee must report to Franchisor the details of the arrangement and such revenue shall be included as part of Franchisee's Gross Revenues (as defined below).

4.2 Approval of Goods or Suppliers. Unless Franchisor specifies otherwise in writing, if Franchisee proposes to use any Goods or type or brand of Goods that are not then approved by Franchisor as meeting its minimum specifications and quality standards, or to purchase any Goods from a supplier that is not then designated by Franchisor as an approved supplier, Franchisee shall first notify Franchisor and shall upon request by Franchisor submit samples and such other information as Franchisor requires for examination and/or testing or to otherwise determine whether the Goods or supplier meets its specifications and quality standards. Franchisor may require the proposed supplier to submit to Franchisor the methods and techniques used for testing of products or services it proposes to provide Franchisee for use in the Facility. Franchisee shall pay Franchisor promptly on demand all costs and expenses incurred by Franchisor in testing and approving any Goods or reviewing any supplier submitted by Franchisee, which may in Franchisor's discretion be charged at Franchisor's per diem rate, regardless of whether or not the proposed Goods or supplier are approved by Franchisor. Franchisor shall notify Franchisee within a reasonable time whether it approves the proposed Goods and/or supplier. Franchisor shall not unreasonably withhold its approval of Goods or suppliers.

4.3 Transportation Vehicles. Unless Franchisor determines using a vehicle is not required, only a vehicle that meets Franchisor's requirements may be used in the operation of the Facility, and such mandatory vehicle must be used to transport students. All vehicles used in the operation of the Facility ("**Vehicles**") must comply with all federal and state laws and regulations, including vehicle inspection and registration statutes, and must meet all of Franchisor's specifications. It will be the sole responsibility of Franchisee to investigate all applicable licensing, leasing, and other laws and requirements for the maintenance of all Vehicles and to ensure ongoing compliance with all such laws and requirements throughout the term of this Agreement. Franchisee may purchase or lease original or replacement Vehicles from any source provided they meet the applicable federal and state standards for the purchase and use of such Vehicles and meet Franchisor's specifications. All Vehicles must bear the Marks in the form and location as specified by Franchisor, and may not display any additional sales, advertising, or message without Franchisor's prior written approval. Vehicles must be used exclusively for the business of the Facility and primarily for transporting students of the Facility.

(a) Maintenance of Vehicles. Franchisee shall, at its expense, at all times during the term of this Agreement, maintain the interior and exterior of the Vehicles in good repair, attractive appearance, and safe operating condition. Maintenance includes a regular program for inspection, oil changes, tune-ups, and all other procedures to maintain or improve the appearance and safe, efficient operation of the Vehicles. Franchisee shall promptly make all necessary repairs to the Vehicles. Franchisee shall maintain complete records of maintenance procedures, including logs and receipts, as set forth in the Confidential Manuals. Franchisee may never use

a Vehicle that is not in good condition and repair and/or which imposes any safety hazard to any person.

(b) Vehicle Drivers. Each person authorized to drive a Vehicle must have a valid driver's license from the state in which Franchisee's Facility is located, and shall have an acceptable driving record, as set forth from time to time in the Confidential Manuals. In no event shall any person drive any such vehicle without prior authorization of Franchisee and verification by Franchisee of the valid driver's license and acceptable driving record of said individual. Franchisee agrees that each person serving as a driver in connection with the provisions of transportation services shall have completed Franchisor's most current form of Driver Agreement before providing any driving services. In the event Franchisee assigns or delegates to any other person the right to provide transportation services in connection with the Facility, Franchisee shall be solely responsible to ensure that any such person, and any driver used by such person, complies with all of the terms of this Agreement with respect to the provision of transportation services.

4.4 Technology; Software.

(a) Technology. Franchisee must obtain, install, and use, at its own expense, the hardware, computer system, mobile devices, applications, software (including the Software defined in Section 4.4(b) (Software)), online services, and communications links (collectively, "**Technology**") that Franchisor specifies from time to time. Franchisee agrees to: (i) maintain on the computer system only the financial and operating data specified in the Confidential Manuals; (ii) use the Technology in accordance with Franchisor's policies and operational procedures; (iii) for the purpose of allowing Franchisor to independently access and download data, input data specified by Franchisor into software or applications specified by Franchisor, transmit data specified by Franchisor to Franchisor or the cloud in the form and at the times required by the Confidential Manuals, and/or give Franchisor unrestricted access to its computer system at all times (including users IDs and passwords, if necessary); (iv) maintain the Technology in good working order at Franchisee's own expense; (v) replace or upgrade the Technology as Franchisor requires (but not more than once a year for the computer system); (vi) ensure that Franchisee's employees are adequately trained in the use of the Technology and the related policies and procedures; and (vii) ensure that the Technology, including its computer network, is compliant with the Privacy Requirements set forth in Section13.8(d) (Compliance with Privacy Requirements). Franchisee is solely responsible for the operation and maintenance of the Technology and for remedying any security breaches in accordance with Section13.8(d) (Compliance with Privacy Requirements). Franchisee acknowledges that hardware designs and functions change periodically and that Franchisor may desire to make substantial modifications to the Technology specifications or to require installation of entirely different Technology during the Operating Term.

(b) Software. Franchisee must purchase and use any software designated by Franchisor as required software (collectively, the "**Software**") and must enter into and maintain, at its expense, any related software maintenance agreements designated by Franchisor. Franchisor reserves the right to modify the Software from time to time, including by adding, removing, or modifying the designated components or software programs. Franchisee shall be obligated to adopt such modifications and incorporate them within its computer system within 30 days after its receipt of a notice of such modifications from Franchisor. The Software programs may be licensed or sublicensed to Franchisee by Franchisor, its affiliates, or third party vendors. Franchisee must execute any software license agreements required by Franchisor, its affiliates, or the licensor of the designated software.

4.5 No Liability. Franchisor shall not be liable to Franchisee for damages caused by the failure of Franchisor or an approved supplier to make available for use and purchase any service or item.

5. TRAINING AND ASSISTANCE

5.1 Initial Training. Franchisee shall pay to Franchisor an initial training and support services fee (the "**Initial Training Fee**") of $35,000. Franchisee must pay an Initial Training Fee deposit of $5,000 upon signing this Agreement and must pay the balance at the Closing (as specified in this Agreement or the REDA, as applicable). For the Initial Training Fee, Franchisor shall make its initial training program, which includes new franchise owner orientation (collectively, "**Initial Training**"), available to the On-Site Owner and one additional Owner or other representative designated or approved by Franchisor. Franchisor, in its sole discretion, may require or permit the Facility director (the "**Director**") or additional Owners to attend Initial Training. If Franchisee operates more than two Facilities, a manager with the responsibility of supervising and supporting multiple Facilities (a "**Multi-School Manager**") must attend Initial Training. If Franchisor requires or permits additional trainees to attend Initial Training (resulting in more than two trainees attending), Franchisor may charge a reasonable additional training fee for each additional attendee. Initial Training may consist of, in Franchisor's sole discretion, one or more of the following: (i) in-person training at Franchisor's headquarters or at such other locations as Franchisor shall designate, (ii) self-paced online courses, webinars, readings, and accompanying assignments, and (iii) live or recorded online training programs. The On-Site Owner and any other Owners, Directors, or Multi-School Managers designated by Franchisor must attend, and successfully complete to Franchisor's satisfaction, the pre-opening components of Initial Training at least 16 weeks prior to opening for business (or at any time prior to purchasing an existing Facility from a transferring franchisee) and the post-opening components of Initial Training within six to 12 months after the opening or transfer.

5.2 Opening Assistance. Prior to the grand opening of Franchisee's Facility, Franchisor will furnish to Franchisee, at Franchisee's premises or remotely via telephone or videoconference and at Franchisor's expense, at least one of Franchisor's representatives at certain times for the purpose of assisting with the opening of Franchisee's Facility. During this period, such representative will assist Franchisee in (i) establishing and standardizing procedures and techniques essential to the operation of a System Facility, (ii) training Franchisee to train its initial personnel, (iii) overseeing placement of equipment and supplies, (iv) completing the layout of the Facility, and (v) preparing for the grand opening of the Facility. If Franchisee requests additional assistance from Franchisor in order to facilitate the opening of the Facility, and Franchisor deems it necessary and appropriate, Franchisee shall reimburse Franchisor for the costs and expenses incurred by Franchisor in providing such additional assistance.

5.3 Termination of Agreement. If Franchisor determines in its sole and reasonable discretion that the Owners who are required to attend are unable to complete satisfactorily Initial Training as described in Section 5.1 (Initial Training), as well as tasks assigned through the Initial Training and opening support process, Franchisor shall have the right to terminate this Agreement in the manner herein provided. If this Agreement is terminated pursuant to this Section 5.3, Franchisor may retain the Initial Fee and the Initial Training Fee deposit paid by Franchisee in addition to Liquidated Damages as defined in Section 3.6 (Failure to Locate or Develop a Site).

5.4 Refresher Training and Conferences. From time to time, Franchisor may, in its sole discretion, provide and may require one or more of Franchisee's Owners, Director, or employees, to attend an annual national conference and to attend and successfully complete

refresher training programs, seminars, or workshops (collectively, with the national conference, "**Additional Programs**"), which may be conducted in-person or via webinar or teleconference at the times and the locations that Franchisor designates. Franchisor may require Franchisee to pay a registration fee for each attendee to attend Additional Programs. For required attendees, Franchisee must pay the applicable registration fee whether or not such individual actually attends the Additional Program. Franchisor will not require an Owner, a Director, or Franchisee's other employees to attend more than two Additional Programs or more than ten business days of Additional Programs in any calendar year.

5.5 Employee Training. Franchisee is responsible for training all of its employees and for ensuring that its employees are continuously adequately trained to perform their services in connection with the operation of the Facility. All employees must have all certifications and credentials as required by applicable state laws and licensing regulations and by Franchisor, and must meet all continuing educational and child care training as may be required by applicable laws and by Franchisor from time to time, and it is Franchisee's sole responsibility to ensure such compliance. If Franchisor determines that Franchisee is unable to provide the employee training required under this Section, Franchisor may, in its sole discretion, provide training to Franchisee's employees, and Franchisee shall pay Franchisor its then-current training fees, plus any expenses Franchisor incurs in providing such training.

5.6 Director and Multi-School Manager Training. Each Director must attend, within six to 12 months of the commencement of their employment with Franchisee, a training class held online or in-person at a location designated by Franchisor. In addition, if the Facility is already operating, each Multi-School Manager must successfully complete Initial Training within 30 days of assuming such position. Franchisor shall designate the timing of such training sessions. Franchisee shall pay Franchisor its then-current training fees, plus any expenses Franchisor incurs in providing such training.

5.7 Additional On-Site Assistance. In the event Franchisee requests specific on-site assistance in addition to the routine assistance provided to Franchisee, and Franchisor deems it necessary, Franchisor will provide the assistance of a field representative at its then-current rates plus expenses. Scheduling of such additional assistance shall be at reasonable times subject to the availability of Franchisor's personnel.

5.8 Travel and Living Expenses. Franchisee is responsible for any travel and living expenses (including meals, transportation, and accommodations), wages, and other expenses incurred by its trainees during any training program.

6. PROPRIETARY MARKS

6.1 Ownership and Use of the Marks. Franchisee acknowledges and agrees that Franchisor is the owner of the Marks, and Franchisee's right to use the Marks is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all applicable standards, specifications and operating procedures prescribed by Franchisor from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee acknowledges and agrees that all usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor and its affiliates and that this Agreement does not confer any goodwill or other interest in the Marks upon Franchisee. Franchisee may not, at any time during the term of this Agreement or after its termination or expiration, contest the validity

or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks and commercial symbols authorized for Franchisee's use and licensed to Franchisee by Franchisor after the Effective Date.

6.2 Approval of Signs, Names and Logos. Franchisee shall submit to Franchisor for its prior written approval any signs, names, or logos other than the Marks which Franchisee desires to use in connection with or displayed at the Facility. Franchisee shall use only such signs, names or logos as are approved by Franchisor and in the manner designated by Franchisor.

6.3 Use of the Marks.

(a) Prohibited Uses. Franchisee shall not use any Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall not use any of the Marks in any manner which has not been specified or approved by Franchisor.

(b) Notices and Name Registrations. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not advertise or use the Marks in advertising, or any other form of promotion, without appropriate © copyright and/or ® registration marks or the designations ™ or ℠ where applicable, as designated by Franchisor from time to time.

6.4 Infringement. Franchisee shall promptly notify Franchisor of any claim, demand, or cause of action based upon or arising from any attempt by any other person or Entity to use the Marks or any colorable imitation thereof. Franchisee also agrees to notify Franchisor of any action, claim or demand against Franchisee relating to the Marks, and Franchisor shall have the sole right to defend any such action. Franchisor shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in its sole discretion, and Franchisor shall be entitled to all proceeds recovered in any such proceeding. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents, and take all actions, as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties will make every effort consistent with the foregoing to protect, maintain and promote the Marks and their distinguishing characteristics (and the other service marks, trademarks, slogans, etc. associated with the System) as standing for the System and only the System. Franchisor makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks.

6.5 Modifications of Marks. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor and/or Franchisee to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee agrees to comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor, and Franchisor shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Mark.

6.6 Inspection. In order to preserve the validity and integrity of the Marks and copyrighted materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Facility, Franchisor or its agents shall have the right of entry and inspection of Franchisee's premises at all reasonable times and, additionally, shall have the right to observe the manner in which Franchisee is rendering its services and conducting its educational, recreational, and child care services and activities, to confer with Franchisee's clientele and employees, to take photographs or videotapes of the Facility, and to inspect reports, forms and documents, and related data for test of content and evaluation purposes to make certain that the educational, recreational, and child care services, activities, and operations are satisfactory and meet the quality control provisions and performance standards established by Franchisor.

7. CONFIDENTIAL MANUALS

7.1 Access. The Confidential Manuals contain specifications, standards, services, operating procedures and rules prescribed from time to time by Franchisor for the operation of the Facility. Franchisor shall provide Franchisee with a hard copy of or electronic access to portions of the Confidential Manuals at the times and to the extent that Franchisor deems in its sole opinion to be necessary for Franchisee's development and the opening and operation of the Facility. Franchisor or its affiliates shall have the right to add to and otherwise modify such manuals from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor or its affiliates for System Facilities, provided that no such addition or modification shall alter Franchisee's fundamental status and rights under this Agreement.

7.2 Ownership and Protection. All copies of the Confidential Manuals shall at all times remain the sole property of Franchisor or its affiliates. Upon demand by Franchisor at any time and upon the expiration or other termination of this Agreement, Franchisee shall return all of such manuals and any portions thereof and all copies or abstracts of such manuals in Franchisee's possession or control. The Confidential Manuals contain proprietary information of Franchisor and its affiliates and shall be kept confidential by Franchisee both during the term of the franchise and subsequent to the expiration or termination of this Agreement, in accordance with the terms of Section 8 (Confidential Information).

7.3 Duty to Keep Current. Franchisee shall at all times ensure that its copy of each Confidential Manual is kept current and up-to-date, and in the event of any dispute as to the contents of such manual, the terms of the master copy of such manual maintained by Franchisor at its home office shall be controlling.

8. CONFIDENTIAL INFORMATION

8.1 Trade Secrets. Franchisee acknowledges that the entire knowledge of the operation of a System Facility, including the knowledge or know-how regarding the specifications, standards and operating procedures of the Primrose® services and activities, is derived from information disclosed to Franchisee by Franchisor or Franchisor's affiliates, and that certain of such information is proprietary and confidential and constitutes Trade Secrets of Franchisor or its affiliates. "**Trade Secrets**" means any information of Franchisor and its affiliates which (i) derives economic value, actual or potential, from not being generally known to other persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy or confidentiality. Trade Secrets shall include without limitation any information contained in the proprietary Balanced Learning®

curriculum, Confidential Manuals, the Software, the Facility design package, including interior and exterior layout for the Facility, construction plans and specifications and equipment and decor specifications, and Franchisor's and its affiliates' training programs, marketing strategies, operations, techniques, financial information, and actual and potential supplier lists, customer lists, specifications and materials concerning the educational, recreational and child care services and activities, lesson plans, monthly calendar of events, newsletter formats, and lists of franchisees. Franchisee acknowledges and agrees that all of the Trade Secrets are economically valuable, that such value is derived from such Trade Secrets not being generally known to others, that reasonable efforts have been taken by Franchisor and its affiliates to maintain the secrecy and confidentiality of the Trade Secrets, and that Franchisee has entered into this Agreement in order to use such Trade Secrets to the economic benefit of Franchisee. To the extent that any Trade Secrets are disclosed to Franchisee pursuant to this Agreement or otherwise, Franchisee agrees to maintain the absolute confidentiality of each Trade Secret, and Franchisee will not, during and after the term of this Agreement, for so long as any such information shall remain a Trade Secret, use, sell, or permit the duplication or disclosure of such Trade Secret, unless such use, sale, duplication or disclosure is specifically authorized by Franchisor in advance in writing.

8.2 Confidential Information. For purposes of this Agreement, the term "**Confidential Information**" shall mean any data or information, other than Trade Secrets, that is competitively sensitive, that is not disclosed to the public by Franchisor or its affiliates, or that is not generally known to the public, including any of the proprietary information and other items or compilations of such information, whether in printed or electronic form, relating to Franchisor or its affiliates and/or the operation of the System or a Facility. Confidential Information also shall mean any information received by Franchisor, its affiliates, or Franchisee from any franchisee or potential franchisee of Franchisor or any other third party providing such information in confidence to such person. To the extent that any Confidential Information is disclosed to Franchisee pursuant to this Agreement, Franchisee shall not, during the term of this Agreement and for three years after the Operating Term (including successor terms), use, sell, or permit the duplication or disclosure of any such Confidential Information, unless such use, sale, duplication, or disclosure is specifically authorized by Franchisor in advance in writing.

8.3 Ownership. All Trade Secrets and Confidential Information furnished or disclosed by Franchisor, or its affiliates, or any consultants or third parties acting on Franchisor's behalf, to Franchisee are and shall remain the property of Franchisor or its affiliates. Any reproductions, notes, summaries or similar documents relating to the Trade Secrets and Confidential Information, and any files, memoranda, reports, pricelists and other documents relating to the System, shall become and remain the property of Franchisor or its affiliates immediately upon their creation. Upon expiration or termination of this Agreement or upon the prior demand of Franchisor at any time, Franchisee shall immediately return all such materials together with all copies thereof to Franchisor.

8.4 Equitable Relief and Confidentiality Agreements. Due to the special and unique nature of the Trade Secrets and Confidential Information, Franchisee hereby agrees and acknowledges that Franchisor or its affiliates shall be entitled to immediate equitable remedies, including restraining orders and injunctive relief, in order to safeguard the Trade Secrets and Confidential Information, and that money damages alone would be an insufficient remedy with which to compensate Franchisor or its affiliates for any breach of the terms of Sections 6 (Proprietary Marks), 7 (Confidential Manuals), or 8 (Confidential Information) of this Agreement. Furthermore, Franchisee agrees that it will require all of Franchisee's and its affiliates' and its and their Owners, partners, directors, officers, managers, members, and employees that have access to the Trade Secrets or Confidential Information (including its Directors and Multi-School

Managers) to enter into confidentiality agreements with Franchisee, which must be at least as protective of the Trade Secrets and Confidential Information as the provisions contained in this Section 8 and must specifically identify Franchisor and its affiliates as third-party beneficiaries of such covenants with the independent right to enforce them. Franchisee is responsible for (i) ensuring that its confidentiality agreements are valid and enforceable under applicable laws, (ii) strictly enforcing such confidentiality agreements, and (iii) ensuring that before any person leaves Franchisee's or its affiliates' employment or ownership ranks, such person returns to Franchisee all documents and materials containing Trade Secrets and Confidential Information and provides written certification that this has been accomplished.

9. MODIFICATION OF THE SYSTEM

Franchisee recognizes and agrees that from time to time hereafter Franchisor may change or modify the System as presently described in the Confidential Manuals, and as identified by the Marks, including the adoption and use of new or modified (i) trade names, trademarks, service marks or copyrighted materials, (ii) programs or systems for educational, recreational and child care services and activities, including additional educational services, (iii) additional services or products, some of which may not be related to educational, recreational and child care services, (iv) employee training or education programs and services, (v) equipment or techniques, and (vi) policies, standards, or specifications, and that Franchisee will accept, use and display for the purpose of this Agreement any such changes in the System, as if they were part of this Agreement at the time of execution hereof. Franchisee acknowledges that such changes or modifications may affect Franchisee's required performance or obligations or may require additional capital investment or expenditures by Franchisee. Franchisee shall make such expenditures as such changes or modifications in the System may reasonably require. Franchisee shall not change, modify, or alter in any way the System.

10. ADVERTISING

Recognizing the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of System Facilities, Franchisee agrees as follows:

10.1 Source and Prior Approval of Promotional Materials.

(a) Conduct of Marketing. All marketing and sales efforts by Franchisee shall be conducted in a dignified and professional manner and shall conform to the standards and requirements of Franchisor set forth in the Confidential Manuals. Any and all materials displaying the Marks shall display the Marks only in such form as may be approved by Franchisor.

(b) Source of Marketing Materials. Franchisee must use the advertising and marketing agencies, departments, systems, and/or vendors that Franchisor designates to create and produce all advertising materials for its Facility, unless Franchisor agrees otherwise in writing. Franchisor may require Franchisee to purchase certain marketing items through certain designated vendors.

(c) Approval of Marketing Materials. Franchisee shall submit samples of all marketing and sales materials (including clientele awareness and education, newspapers, radio, internet, digital, social media, and television advertising, and signs) to Franchisor or its designated agency and obtain Franchisor's prior written approval (except with respect to fees to be charged) for all marketing and promotional plans and materials that Franchisee desires to use that have

not been previously approved by Franchisor. Franchisee will also submit to Franchisor or its designated agency, for its prior approval, all requests to use different vendors to produce promotional and advertising materials. Such materials and requests shall be submitted with the appropriate forms specified by Franchisor. Franchisee may not conduct any promotional campaigns or use any vendors that have not been designated by Franchisor without receiving the prior written approval of Franchisor, which may be withheld if Franchisor believes that such promotion or vendor does not fit within Franchisor's brand image or promotional concept for the System or is otherwise damaging to the System or its reputation. In the event written approval of any advertising or promotional material or vendor is not given by Franchisor to Franchisee within 30 days from the date such material or request is received by Franchisor, said material or vendor shall be deemed disapproved. Failure by Franchisee to conform with the provisions herein and subsequent non-action by Franchisor to require Franchisee to cure or remedy this failure shall not be deemed a waiver of future or additional failures, or of defaults under any other provision of this Agreement.

10.2 Brand Fund. Franchisee shall pay to the Primrose® Brand Fund (hereinafter "**Brand Fund**") an amount determined by Franchisor in its sole discretion from time to time, but not greater than 3% of Franchisee's Gross Revenues, as such term is defined in Section 11.1(b) below (the "**Brand Fund Fee**"). The current rate for the Brand Fund is 2%, but such rate may be changed at any time, at Franchisor's discretion, upon 90 days' prior written notice. The Brand Fund Fee shall be paid at the same time and in the same manner as, and in addition to, the Royalty Fee required under Section 11 (Continuing Services and Royalty Fee). Such payments shall be made in addition to and exclusive of any sums that Franchisee may be required to spend on local advertising and promotion. The Brand Fund shall be maintained and administered by Franchisor, its affiliates, or its designee as follows:

(a) Franchisor and its affiliates shall direct all marketing and advertising programs with sole discretion over the creative concepts, materials and media used in such programs and the placement and allocation thereof. However, Franchisor shall provide for a method of representation by franchisees in order for franchisees to recommend certain expenditures for advertising and promotion by the Brand Fund. Franchisee agrees and acknowledges that the Brand Fund is intended to develop and maximize general public recognition and acceptance of the Marks for the benefit of the System and that Franchisor, its affiliates, and its designee undertake no obligation in administering the Brand Fund to make expenditures for Franchisee which are equivalent or proportionate to its contribution, or to ensure that any particular franchisee benefits directly or pro rata from the placement of advertising.

(b) Franchisee agrees that contributions to the Brand Fund may be used to meet any and all costs of brand/consumer research, and maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting Internet, television, radio, digital, social media, and print advertising campaigns and other public relations activities; employing advertising and public relations firms to assist therein; contracting with outside brand marketing consultants to assist in strategy development, research, and general marketing advice on system-wide marketing projects; producing promotional brochures and other marketing materials for System Facilities; reviewing potential new products, materials, services and projects for the System; and other activities that are directly or indirectly designed to promote the brand, franchisees, and/or increase System enrollment, including clientele response programs, mystery shop programs, incentive programs, teacher recruitment programs, and sponsorship of goodwill activities. All sums paid by Franchisee to the Brand Fund shall be maintained by Franchisor or its affiliates in a separate account and shall not be used to defray any of Franchisor's or its affiliates' general operating expenses, except for such reasonable administrative costs and

overhead, if any, as Franchisor or its affiliates may incur in activities reasonably related to the administration or direction of the Brand Fund and advertising programs, including supporting Cooperatives (as defined in Section 10.5 (Advertising Cooperatives), conducting market research, preparing marketing and advertising materials, and collecting and accounting for assessments for the Brand Fund.

(c) It is anticipated that all contributions to the Brand Fund shall be expended for advertising and promotional purposes during Franchisor's fiscal year within which contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such fiscal year, such amounts shall be used on expenditures in the following fiscal year(s).

(d) Although Franchisor intends the Brand Fund to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Fund have been expended for advertising and promotional purposes or distributed to franchisees in a manner deemed appropriate by Franchisor in its sole discretion. Franchisor reserves the right to reinstate the Brand Fund if it has previously been terminated.

(e) An accounting of the operation of the Brand Fund shall be prepared annually and shall be made available to Franchisee upon request. Franchisor reserves the right, at its option, to require that such annual accounting include an audit of the operation of the Brand Fund prepared by an independent certified public accountant selected by Franchisor and prepared at the expense of the Brand Fund.

(f) Once contributions to the Brand Fund are made by Franchisee, all such funds shall be used as herein required and shall not be returned to Franchisee.

10.3 Grand Opening Advertising.

(a) Required Expenditure. In connection with the initial grand opening of the Facility, Franchisee shall spend a minimum amount that Franchisor specifies in writing after the site has been accepted (ranging from $40,000 to $100,000 for a new Facility and $15,000 to $100,000 for a Facility at a Conversion Site) in the period from six months before to six months after the Opening Date on direct mail advertising, advertising through digital platforms and other media, and marketing and promotional items ("**Grand Opening Advertising**"). Franchisor will determine the minimum amount, in its sole discretion, based on factors, including Franchisee's experience, media costs in Franchisee's market, size of the market, the capacity of the Facility, other child care centers in the surrounding area, and, for Conversion Sites, whether the school ceased operating before converting to a Facility. If Franchisee is a converting a facility operated under a different brand to a Facility and such Facility is operating prior to the conversion, such Grand Opening Advertising shall be conducted in the 12 months after the Opening Date. Franchisee must (i) submit to Franchisor in writing a detailed proposal of Franchisee's expenditures on each type of Grand Opening Advertising and (ii) participate in calls, meetings, and/or activities required by Franchisor related to Grand Opening Advertising. Franchisor may, in its sole discretion, require Franchisee to change Franchisee's proposed Grand Opening Advertising program, and Franchisee agrees to comply with such changes. Franchisee shall not conduct any such Grand Opening Advertising until Franchisee has received Franchisor's prior written approval of Franchisee's proposed Grand Opening Advertising program.

(b) Franchisor Expenditures. Franchisor, in its sole discretion, may require Franchisee to deposit up to the full minimum required amount for Grand Opening Advertising with

Franchisor at a specified time prior to the Opening Date for Franchisor to spend such money on Franchisee's behalf. If Franchisor spends such funds on Franchisee's behalf, Franchisee shall hold Franchisor harmless for any of Franchisor's advertising expenditures.

(c) Delayed Opening Date. Franchisor may delay the Opening Date if Franchisee has not obtained written approval of Franchisee's proposed Grand Opening Advertising program at least 30 days prior to the Opening Date, if Franchisee does not timely provide the funds to Franchisor if so required by Franchisor, and/or if Franchisee has failed to attend or participate in required calls, meetings, and other activities related to Grand Opening Advertising and other pre-opening requirements.

(d) Compliance Verification. At any time after the Opening Date, Franchisor may require Franchisee to promptly submit to Franchisor a written accounting of the actual Grand Opening Advertising conducted by Franchisee. If Franchisee has failed to conduct its Grand Opening Advertising according to the program approved by Franchisor in accordance with this Section 10.3, Franchisor may require Franchisee to spend money on additional advertising after the Opening Date or to pay Franchisor such monies to spend on Franchisee's behalf, as specified by Franchisor in its sole discretion.

10.4 Local Advertising. By the deadlines and in a form specified by Franchisor, Franchisee must provide Franchisor with a written plan for Franchisee's projected local marketing, advertising and promotion expenditures for the next calendar year and such other periods that Franchisor may specify. Franchisor may, in its sole discretion, require Franchisee to change Franchisee's proposed plan, and Franchisee agrees to comply with such changes. Franchisee must spend in each month, on local community awareness, advertising, and promotion, an amount equal to at least 1% of Franchisee's Gross Revenues for the preceding month, but in no event less than $1,000 per month. Franchisor may from time to time temporarily reduce such local advertising obligation in its sole discretion. Such expenditures shall be made directly by Franchisee, subject to approval and direction by Franchisor or Franchisor's designated advertising agency. If Franchisee fails to spend any required amount, then Franchisor shall have the right to require Franchisee to cure the default and/or Franchisor may spend such amount on Franchisee's behalf, in which case Franchisee shall reimburse Franchisor upon demand for the amount thereof, plus interest which shall be calculated at the rate of 18% per annum or the highest rate permitted by law, whichever is less, for the period commencing on the date of such expenditure and continuing through the date of payment.

10.5 Cooperative Advertising. From time to time Franchisor may designate a local, regional, or national advertising coverage area in which Franchisee's business and at least one other Facility is located for the purpose of developing a market level business cooperative (a "**Cooperative**") to pool resources for advertising or other common purposes. "**Advertising coverage area**" shall be designated by Franchisor, in its sole discretion, based on, without limitation, the particular Designated Market Area or Metropolitan Statistical Area (as those terms are used in the advertising industry) in which the Facility is located, or the area covered by a particular advertising medium (television, radio or other medium) as recognized in the industry. At the time a Cooperative is formed, Franchisor shall submit a list to Franchisee of all operating System Facilities within the advertising coverage area. Franchisee agrees to participate in and contribute its share to any Cooperative in Franchisee's advertising coverage areas and to abide by the bylaws, rules, and regulations duly required by the Cooperative, which Franchisor has the right to mandate or approve. Any such contributions to a Cooperative shall be in addition to, and not counted towards, such Brand Fund Fees and local marketing expenditures as are required pursuant to Sections 10.2 (Brand Fund), 10.3 (Grand Opening Advertising), and 10.4 (Local

Advertising). The cost of the program shall be allocated among franchisees in such area and each franchisee's share shall be in proportion to its Gross Revenues, but the aggregate of such contribution by Franchisee during any month (or other designated time period) shall not exceed 1% of Franchisee's Gross Revenues during the previous month (or other designated time period), unless a 2/3 majority of the members of the Cooperative represented at a meeting with a quorum (a quorum exists if 50% of all members with System Facilities currently open in the advertising coverage area attending a meeting) vote to increase the contribution. Franchisor shall have the right to administer any Cooperative, collect contributions on behalf of any Cooperative (in which case the contributions will be paid to Franchisor in the same manner as any other fees), and to distribute expenditures on behalf of any Cooperative. Franchisor has the right, in its sole discretion, to require Cooperatives to be formed, changed, dissolved, or merged.

10.6 Digital Marketing. Franchisor or its affiliates may, in Franchisor's or their sole discretion, establish and operate websites, social media accounts (such as Facebook, Twitter, Instagram, Pinterest, etc.), applications, domain names, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons (such as Groupon, Living Social, etc.), mobile applications, or other means of digital advertising on the Internet or any electronic communications network (collectively, **"Digital Marketing"**) that are intended to promote the Marks, the Facility, and the entire network of System Facilities. Franchisor will have the sole right to control all aspects of any Digital Marketing, including those related to the Facility. Unless Franchisor consents otherwise in writing, Franchisee, its Owners, its affiliates, and its employees may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Facility or the network. If Franchisor does permit Franchisee or its employees to conduct any Digital Marketing, Franchisee or its employees must comply with any policies, standards, guidelines, or content requirements that Franchisor establishes periodically and must immediately modify or delete any Digital Marketing that Franchisor determines, in its sole discretion, is not compliant with such policies, standards, guidelines, or requirements. Franchisor may withdraw its approval for any Digital Marketing at any time. Simultaneously with Franchisee's execution of this Agreement, Franchisee will execute the Internet Websites and Listings Agreement attached hereto as Exhibit B.

11. CONTINUING SERVICES AND ROYALTY FEE

11.1 Royalty. Franchisee shall pay, without offset, credit or deduction of any nature, to Franchisor, so long as this Agreement shall be in effect, a monthly Continuing Services and Royalty Fee (the "**Royalty Fee**") equal to 7% of the Gross Revenues, as such term is defined below, derived from the Facility. Said monthly fee shall be paid in the manner specified below or as otherwise prescribed in the Confidential Manuals:

(a) On or before the 10th day of each month, Franchisee will submit to Franchisor, on a form approved by Franchisor, a correct statement, signed and certified as true and correct by Franchisee, of Franchisee's Gross Revenues for the preceding month just ended. At the same time that Franchisee submits the statement of Gross Revenues, Franchisee shall pay to Franchisor the Royalty Fee payment, as directed by Franchisor from time to time in its reasonable discretion, based on the Gross Revenues reported in such statement.

(b) "**Gross Revenues**" includes the total of all revenues generated from any learning, recreational, and child care services and any other activities, products or services sold or performed by Franchisee, and by persons other than Franchisee, in connection with Franchisee's business or otherwise at or through Franchisee's Facility, whether to clientele of Franchisee or of persons other than Franchisee, and whether or not sold or performed at or from

the Facility, less sales, use or service taxes actually collected and paid to the appropriate taxing authority. Gross Revenues shall include, but shall not be limited to, all revenues from tuition, field trips, student screening tests, sale of all apparel and novelties, full charges and commissions for class and individual photographs and other charges and commissions, and condemnation awards received for loss of revenue or business, whether generated by or paid to Franchisee or persons other than Franchisee, and also shall include the fair market value of any goods or services received, directly or indirectly, by Franchisee in the event consideration other than cash is received. Franchisee shall notify Franchisor on its monthly reports of any non-cash consideration Franchisee receives.

11.2 Delinquencies. All Royalty Fee payments, Brand Fund Fee payments, amounts due for purchases by Franchisee from Franchisor and its affiliates, and other amounts which Franchisee owes to Franchisor or its affiliates shall bear interest after the due date at the highest applicable legal rate for open account business credit, not to exceed 1.5% per month. In addition to any interest charged with respect to any late payment, Franchisor reserves the right, to the extent permitted by applicable law, to charge a late fee of up to 5% on each late payment and charge back any NSF fees.

11.3 Collection and Verification Procedures. Franchisor requires that Royalty Fees, Brand Fund Fees, and any other amounts owed to Franchisor be collected via an automated clearing house. Franchisee shall provide Franchisor with required banking information and shall execute such documents and take other actions as Franchisor and Franchisee's bank(s) may reasonably request in order to establish a direct debit program, at least 30 days before the Opening Date.

11.4 Discounts and Billings.

(a) Discounts and Deductions. Franchisor reserves the right to limit in the Confidential Manuals any discounts, offsets, credits, or deductions of any nature (collectively, **"Discounts"**) that Franchisee may deduct from its Gross Revenues for the purposes of the computation of Royalty Fees, Brand Fund Fees, and local marketing obligations. If Franchisee offers any Discounts to customers which exceed the Discounts that Franchisor permits to be deducted from Franchisee's Gross Revenues for the purposes of the computation of Royalty Fees and Brand Fund Fees, Franchisor shall be entitled to collect the Royalty Fees and Brand Fund Fees from Franchisee based upon Franchisee's then-current published rates, tuition, or other fees that would have been charged if Franchisee had offered only the Discounts permitted by Franchisor (if any), regardless of the amounts actually received by Franchisee from such customer.

(b) Billing Procedures. Upon enrollment of any child into the Facility, prior to the child's actual attendance, Franchisee shall enter all pertinent information regarding such child into Franchisee's required computer software system and shall bill for tuition and other fees required to be paid to Franchisee with respect to such child in accordance with the billing procedures prescribed by Franchisor in the Confidential Manuals. If Franchisee bills for tuition or other fees in a manner other than as specified or prescribed by Franchisor, Franchisor shall be entitled to collect the Royalty Fees and Brand Fund Fees from Franchisee based upon the billing procedures prescribed by Franchisor in the Confidential Manuals and/or this Agreement, regardless of when or whether such tuition or other fees are actually collected by Franchisee.

11.5 Application of Payments. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due

indebtedness of Franchisee for Royalty Fee payments, Brand Fund Fee payments, purchases from Franchisor and its affiliates, interest, or any other indebtedness.

11.6 Acceptance of Late Payments and Breach. Franchisee acknowledges that nothing contained in this Agreement constitutes Franchisor's agreement to accept any payments after they are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Facility. Further, Franchisee acknowledges that its failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 17 (Default and Termination).

12. ACCOUNTING AND RECORDS

12.1 Records. Franchisee shall establish and maintain a bookkeeping, accounting and record keeping system conforming to the requirements prescribed by Franchisor from time to time, including the use and retention of clientele invoices, payroll records, check stubs, sales tax records and returns, cash receipts and disbursements, journals, and general ledgers. Franchisee must use the Software for accounting and record keeping tasks that Franchisor specifies.

12.2 Monthly and Other Reports. Franchisee will supply to Franchisor on a quarterly basis, in the form and using the software approved or designated by Franchisor, an activity report, a profit and loss statement, and a balance sheet for the last preceding calendar quarter and for the period from January 1st through the end of such calendar quarter. Additionally, Franchisee shall, at its expense, submit to Franchisor within 60 days of the end of each fiscal year during the Operating Term, in the form and using the software approved or designated by Franchisor, a profit and loss statement for such fiscal year and a balance sheet as of the last day of such fiscal year, including all adjustments necessary for fair presentation of such financial statements. Each such quarterly profit and loss statement and balance sheet, as required above under this Section 12.2, may be compiled and prepared by Franchisee or by an independent certified public accountant ("**CPA**") following Franchisor's recommended form as outlined in the Confidential Manuals, and shall be certified to be true and correct by Franchisee. Each annual profit and loss statement and balance sheet shall be compiled and prepared by an independent CPA and shall be certified to be true and correct by one or more Owners. Franchisor reserves the right to require that any such annual financial statements be prepared in accordance with generally accepted accounting principles, and be reviewed or audited, as required by Franchisor in its sole and reasonable discretion, by an independent CPA designated or otherwise approved by Franchisor.

12.3 Other Reports. Franchisee shall submit to Franchisor such other periodic reports, forms and records in the manner and at the time as specified in the Confidential Manuals or otherwise in writing.

12.4 Examination of Records. Franchisor or its designated agents shall have the right at all reasonable times to examine, audit and copy, at its expense, the books, records, and tax returns of Franchisee. If requested by Franchisor, Franchisor or its designated agents may examine, audit and copy, at its expense, the tax returns of each of the Owners. Franchisor also shall have the right, at any time, to have an independent audit made of the books of Franchisee at Franchisor's expense. Franchisee must maintain all books, records, and tax returns of Franchisee and supporting documents at all times and provide copies of requested documentation within 15 days of Franchisor's request. Franchisee will fully cooperate with Franchisor's designated agents hired to conduct any examination or audit. If any requested documentation is not provided when requested, Franchisee will be considered in default of this Agreement and Franchisee will be required to reimburse Franchisor all fees and expenses

incurred as the result of this default. If a review should reveal that any payments to Franchisor have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the maximum rate permitted by law or 18% per annum, whichever is less. If a review discloses an understatement in any report of 3% or more, such understatement shall constitute a default under this Agreement and Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the audit or examination (including reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies which Franchisor may have.

12.5 Additional Information. Franchisor may from time to time require information about Franchisee's financial condition, earnings, sales, profits, costs, expenses and performance to provide a basis for providing prospective franchisees of Franchisor with information concerning potential earnings or to comply with applicable laws governing the sale of franchises. Franchisee shall provide such information promptly when so requested by Franchisor, and Franchisee shall certify that such information is true and complete in all material respects.

12.6 Disclosure. Franchisee acknowledges and agrees that if Franchisor is required or permitted by statute, rule, regulation or any other legal requirement to disclose any information regarding Franchisee or the operation of the Facility, including earnings or other financial information, Franchisor shall be entitled to disclose such information. In addition, Franchisee hereby expressly permits Franchisor to disclose any such information to potential purchasers (and their employees, agents and representatives) of Franchisor in connection with the sale or transfer of any equity interests or assets of Franchisor or any merger, reorganization, or similar restructuring of Franchisor.

13. STANDARDS OF QUALITY AND PERFORMANCE

Franchisee shall comply with the entire System, including, but not limited to:

13.1 Business Plan and Allocation for Pre-Opening Expenses.

(a) Business Plan. Upon Franchisor's written request, within 90 days after the site for Franchisee's Facility has been accepted, Franchisee shall submit to Franchisor for Franchisor's approval a written business plan for the Facility, following a format acceptable to Franchisor. Franchisee may not open its Facility until Franchisee has obtained Franchisor's written approval of such requested business plan. Franchisor's approval of Franchisee's business plan shall in no way constitute an endorsement by Franchisor of such plan or the accuracy of the materials contained therein. As a condition to Franchisor's approval of the opening of Franchisee's Facility, Franchisor may require that the business plan be modified up through and including the Opening Date. Franchisee shall modify the business plan accordingly and shall submit such revised written business plan to Franchisor for Franchisor's approval in accordance with the terms of this Section 13.1(a). After the Facility opens, Franchisor may require Franchisee to submit to Franchisor a written business plan for the Facility, which Franchisee shall provide in a format acceptable to Franchisor within 30 days of Franchisor's written request.

(b) Allocation for Pre-Opening Expenses. Along with the business plan, Franchisee shall submit to Franchisor in writing, upon Franchisor's written request, a list of the specific amounts which Franchisee intends to allocate for each of the following expenditures for the Facility: (i) pre-opening advertising and marketing, (ii) initial equipment, and (iii) initial operating capital. Franchisor must approve such allocation and amounts and may, in its sole

discretion, modify such allocation. Franchisor may require that Franchisee deposit the allocated amounts in separate bank accounts. Franchisee may not use any of the allocated funds for any purpose other than those for which they are allocated without obtaining the prior written consent of Franchisor. Franchisor shall not be required to approve, and Franchisee may not open or obtain any financing with respect to the Facility or Franchisee's business unless Franchisor has first approved the allocation described above.

13.2 Commencement of Operations. Franchisee shall commence operation of the Facility not later than 20 months after the execution of this Agreement (if a site is determined prior to execution of this Agreement) or 36 months after the execution of this Agreement (if a site is not determined prior to the execution of this Agreement), or as otherwise approved in writing by Franchisor. Prior to the Opening Date, Franchisee must procure all necessary licenses, permits and approvals, including child care facility licenses and approvals required by the state in which Franchisee's Facility is located, shall hire and train personnel, make necessary leasehold improvements, and purchase and install necessary classroom and office equipment as required by Franchisor. During the six-month period directly prior to the Opening Date, at least the On-Site Owner shall devote their full time and energy to the development and opening of the Facility. If Franchisee for any reason fails to commence operation as herein provided, unless Franchisee is precluded from doing so by war, civil disturbance, natural disaster or labor dispute, such failure shall be considered a default and Franchisor may terminate this Agreement as herein provided. Franchisor will consider a written request by Franchisee for a reasonable extension of time to begin operations.

13.3 Compliance with Specifications. Franchisee agrees to fully comply with all specifications, standards, operating procedures and rules as set forth in the Confidential Manuals and otherwise by Franchisor in effect from time to time relating to, without limitation, the following:

(a) The safety, maintenance, cleanliness, function and appearance of Facility premises, and their equipment, fixtures, decor and signs;

(b) Training, dress, general appearance and demeanor of Facility employees and staff members;

(c) Hours during which System Facilities will be attended and open for business;

(d) Methods and procedures to be utilized by Franchisee in connection with educational, recreational and child care services approved by Franchisor for System Facilities;

(e) Advertising and promotional programs to gain maximum market recognition and penetration in the Designated Area;

(f) Use, processing and retention of standard forms;

(g) Use and illumination of signs, posters and similar items;

(h) Identification of Franchisee as the owner of the Facility;

(i) Accounting and reporting systems, procedures and policies;

(j) Any national, state and/or local educational and/or child care associations in which Franchisee must maintain a membership;

(k) Clientele follow-up notices, letters and communications; and

(l) Initial and minimum working capital requirements.

The specifications, standards, operating procedures and techniques, and other rules prescribed from time to time by Franchisor in the Confidential Manuals or otherwise communicated to Franchisee in writing shall constitute provisions of this Agreement as if fully set forth herein. All references herein to this Agreement shall include all such specifications, standards, operating procedures, and rules.

13.4 Tuition and Student Fees. Franchisee shall establish the uniform tuition rates and other charges to Franchisee's students using the prescribed operating procedures in the Confidential Manuals, and shall make such published revenue information available to Franchisor on request as necessary for the purposes of Franchisor's reporting and audit procedures. Franchisee shall have the sole authority to establish the prices Franchisee will charge for the Goods and services offered by Franchisee and any Discounts, provided that such prices and Discounts must be published and must be offered uniformly to Franchisee's customers and potential customers, except as otherwise provided herein or from time to time in the Confidential Manuals.

13.5 Quality Assurance Review. Franchisee shall conduct periodic self-studies in accordance with a review form and procedure specified by Franchisor from time to time (the "**Quality Assurance Review**"). Franchisee will fully cooperate with any inspections conducted by Franchisor and shall provide any information reasonably requested by Franchisor's representative. After an inspection by Franchisor, Franchisee will, within the time limits specified by Franchisor, submit a written plan of action, comply with and fully implement any corrective steps designated therein as mandatory or required, and will consider in good faith any other recommendations or suggestions. If Franchisor determines, in its sole discretion, that it must make follow-up inspection consultations to review Franchisee's corrective actions, Franchisor may require Franchisee to reimburse Franchisor for the costs and expenses incurred by Franchisor in making such follow-up consultations, including the travel and living expenses of Franchisor's representatives.

13.6 Management of Facility.

(a) Management. In order to maintain the high image and quality standards of Franchisor's programs and materials, Franchisee agrees to provide sufficient and competent management and staff personnel at the Facility to provide adequate and sufficient care and instruction for enrolled students in accordance with Franchisor's brand standards. The Facility shall at all times be under the direct on-premises supervision of the On-Site Owner, a Director, and a Facility assistant director. Franchisee must abide by any and all additional policies, procedures and/or guidelines related to the duties and responsibilities of the Facility management that are specified in the Confidential Manuals. Franchisee must supervise and evaluate the performance of its professional and other staff to ensure that each renders competent, efficient, and quality service consistent with Franchisor's brand standards.

(b) On-Site Owner. Franchisee must appoint an individual owner as its On-Site Owner who must have authority over all business decisions related to the Facility and must

have the power to bind Franchisee in all dealings with Franchisor. Franchisee must obtain Franchisor's written approval for its On-Site Owner and may not change the On-Site Owner without Franchisor's prior written approval. If the On-Site Owner has been determined by the Effective Date, he or she shall be listed on Exhibit A.1. If the On-Site Owner is determined after the Effective Date (or if a replacement On-Site Owner is proposed), the appointment shall take effect with, and be evidenced by, Franchisor's written consent. Franchisee's On-Site Owner may not serve as its Director, unless Franchisor agrees otherwise in writing. Franchisee's On-Site Owner must have at least a 5% ownership interest in its Entity and must be directly involved in the day-to-day operation and management of the Facility.

(c) Facility Director. The Director must (i) successfully complete training provided by Franchisor, (ii) be qualified to perform the duties of a director and manage the day-to-day operations of the Facility, (iii) satisfy all brand standards specified in the Confidential Manuals, and (iv) sign a confidentiality agreement with Franchisee in accordance with Section 8.4 (Equitable Relief and Confidentiality Agreements). Franchisee shall notify Franchisor of the identity of its Director and shall provide any information requested by Franchisor to confirm that the Director is compliant with the requirements set forth in the previous sentence.

(d) Management of Multiple Facilities. If Franchisee and its affiliates operate more than two Facilities, in addition to the on-premises management described in Section 13.6(a) (Management), Franchisor may require Franchisee to have one or more Multi-School Managers. Such Multi-School Manager must satisfy the requirements of Director specified in 13.6(c) (Facility Director) and may also be required to own an equity or profit-sharing interest in Franchisee. The role and responsibilities of the On-Site Owner will not be affected if a Multi-School Manager(s) is required under this Agreement.

13.7 Certified Teachers. If required by applicable laws, a certified/credentialed teacher, Director, or assistant Facility director responsible for preparing prescribed lessons plans, curriculum and learning programs, and monitoring students, must be on the Facility premises at required times during instructional hours and testing. Such certification need not be current nor from the jurisdiction in which the Facility is located, unless required by applicable laws. The preparation of prescribed lesson plans and teaching may be performed only by a person who is certified as set forth herein and who has been appropriately trained in accordance with Section 5.5 (Employee Training by Franchisee) and as outlined in the Confidential Manuals.

13.8 Licenses and Compliance with Laws.

(a) Licenses and Permits. Franchisee shall secure and maintain in force all required licenses, permits, and certificates relating to the operation of the Facility and to child care generally.

(b) Compliance with Laws. Franchisee shall operate the Facility in full compliance with all applicable laws, ordinances, and regulations, including all government regulations relating to occupational hazards and health, consumer protection, trade regulation, child care licensing and certification, workers' compensation, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales, use, and property taxes. Compliance by Franchisee with applicable federal and state laws and regulations shall be the sole responsibility of Franchisee.

(c) Compliance with Anti-Terrorism Laws. Franchisee and its Owners agree to comply, and to assist Franchisor to the fullest extent possible in its efforts to comply, with Anti-

Terrorism Laws (defined below). In connection with that compliance, Franchisee and its Owners certify, represent, and warrant that none of their property or interests is subject to being blocked under, and that Franchisee and its Owners otherwise are not in violation of, any of the Anti-Terrorism Laws. **"Anti-Terrorism Laws"** mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or its Owners, or any blocking of Franchisee's or its Owners' assets under the Anti-Terrorism Laws, shall be an Event of Default justifying the termination of this Agreement.

(d) Compliance with Privacy Requirements. To the extent applicable, Franchisee must abide by: (i) the Payment Card Industry Data Security Standards enacted by the applicable card associations (as they may be modified from time to time or as successor standards are adopted); (ii) the Fair and Accurate Credit Transactions Act; (iii) all other standards, laws, rules, regulations, or any equivalent directives related to electronic payments, data privacy, personally identifiable information, protected health information, and data protection; and (iv) any privacy policies or data protection and breach response policies Franchisor periodically may establish (collectively, "**Privacy Requirements**"). Franchisor may require Franchisee to (a) use vendors approved or designated by Franchisor to provide security services that are consistent with the Privacy Requirements; (b) maintain specific security measures; (c) provide evidence of compliance with Privacy Requirements upon Franchisor's request; and/or (d) use vendors approved or designated by Franchisor to conduct periodic security audits to ensure that personally identifiable information, protected health information, and/or payment data is adequately protected and provide Franchisor with copies of any audits, scanning results, or related documentation relating to such compliance or audits. If Franchisee suspects or knows of a security breach, Franchisee must immediately give Franchisor notice of such security breach and promptly identify and remediate the source of any compromise or security breach at Franchisee's expense. Franchisee assumes, at its expense, all responsibility for complying with all applicable data breach notification laws, providing all notices of breach or compromise, and monitoring credit histories and transactions concerning customers of the Facility, unless otherwise directed by Franchisor.

13.9 Moral and Ethical Standards. Franchisee agrees to maintain a high moral and ethical standard in the operation and conduct of the Facility so as to create and maintain goodwill among the public for the Marks.

13.10 Clientele Lists. Franchisee shall maintain, in a form and using any software prescribed by Franchisor, a listing of the names, addresses, e-mail addresses, and telephone numbers of (i) all clientele of the Facility for whom it is currently providing services and has provided services to in the past three years and (ii) all prospective clientele of the Facility that Franchisee has collected contact information from in the past year for the purpose of marketing services (collectively, the "**Clientele List**"). Franchisee shall keep the Clientele List up-to-date, provide Franchisor with unrestricted access to such Clientele List, and send the Clientele List to Franchisor upon request by Franchisor. Franchisee acknowledges and agrees that (a) the Clientele List is Franchisor's sole and exclusive property, (b) the Clientele List shall be part of the Confidential Information of Franchisor, (c) Franchisor may use the Clientele List for any purpose permitted under applicable law, and (d) Franchisor may communicate with any individuals on the Clientele List without the knowledge or consent of Franchisee. In accordance with the provisions of Section 8 (Confidential Information), Franchisee shall maintain the confidentiality of the

Clientele List and shall not disclose, provide, sell or otherwise disclose all or any portion of the Clientele List to any person or Entity other than Franchisor.

13.11 Diligence. Franchisee and its Owners shall work diligently, fairly, and in good faith to perform all of their obligations under this Agreement.

13.12 Notification of Action and Serious Issues. Franchisee shall notify Franchisor in writing within five days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality against Franchisee, Owner(s), and any employee or contractor associated with Franchisee that (a) may have an adverse effect on the operation of, or financial condition of, the Facility or (b) relates to (i) the operation of the Facility or conduct that occurred at the Facility, (ii) any licenses or professional credentials, or (iii) any allegation, charge, or conviction of a crime that may have an adverse effect on the good name, business, goodwill, image or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, including any crime involving fraud or moral turpitude or any felony. Notwithstanding the foregoing, if Franchisee learns of any abuse allegations, licensing issues, or licensing findings, Franchisee must provide Franchisor with notice of such information within 24 hours of Franchisee's receipt of such information or as otherwise provided in the Confidential Manuals.

14. FRANCHISOR'S OPERATIONS ASSISTANCE

14.1 Pricing Guidance. Franchisor may from time to time advise or offer guidance to Franchisee relative to prices for the child care services and activities offered by the Facility that in Franchisor's judgment constitute good business practice. Such guidance will be based on the experience of Franchisor and its franchisees in operating System Facilities and an analysis of the costs of such services for competitive services. Franchisee shall not be obligated to accept any such advice or guidance and shall have the sole right to determine the prices to be charged from time to time by the Facility as set forth in Section 13.4 (Tuition and Student Fees). No advice or guidance from Franchisor shall be deemed or construed to impose upon Franchisee any obligation to charge any fixed, minimum, or maximum prices for any services offered for sale by the Facility.

14.2 Franchisor's Obligations. The following are the obligations to be performed by Franchisor during the operation of the Facility, which shall be performed in the manner determined by Franchisor in its sole discretion:

(a) provide local and regional advertising as deemed appropriate by Franchisor;

(b) provide suggested specifications, standards, operating procedures, and rules prescribed from time to time by Franchisor, as well as information relative to other obligations of Franchisee under this Agreement and the operation of the Facility; provided, that any suggestions of Franchisor shall not relieve Franchisee of its obligation to ensure compliance by the Facility and its operations with all applicable federal and state laws and regulations, which shall remain the sole responsibility of Franchisee; and

(c) provide approved layout of select advertisements.

14.3 Instructional Materials. Franchisor shall endeavor to keep abreast of the most up-to-date early learning research and knowledge concerning curriculum and teaching materials.

Franchisor will, based on its good faith determination of the applicability of such knowledge to franchisee operations, make such knowledge available to Franchisee and to franchisees generally. Franchisor may develop new or enhanced programs or modules, and may, in its discretion, make such program or modules available to Franchisee either as mandatory or optional items. If designated as mandatory or required, Franchisee will fully implement such program or module within 60 days of written notification by Franchisor. If Franchisee believes, in good faith, that such new mandatory materials are inappropriate for Franchisee's operation, and notifies Franchisor in writing as to the reasons for such belief, Franchisor may, in its discretion, waive all or a portion of such mandatory materials or programs with respect to Franchisee.

14.4 Support, Inspections, and Evaluations.

(a) Assistance and Evaluations. Franchisor may furnish Franchisee with such assistance in connection with the operation of the Facility as is reasonably determined to be necessary by Franchisor from time to time. Franchisor, in its sole discretion, may, from time to time, send a School Business Consultant ("**SBC**") to the Facility to observe Franchisee's operation and methods and to conduct periodic assessments using the Quality Assurance Review to determine if the Facility's operations comply with Franchisor's operating procedures and rules. Franchisor will produce and deliver to Franchisee a summary of the SBC's findings, identifying areas of strength or areas that are in need of improvement and any remedial actions that must be taken. Franchisee must address any identified deficiencies in accordance with Section 13.5 (Quality Assurance Review).

(b) Additional Consulting Services. In addition to the standard support services that Franchisor deems necessary, Franchisor also may offer Franchisee additional consulting or support services, including on-site services, that are greater in scope than the standard support services, and may charge Franchisee a reasonable fee for these services which may include a daily or hourly fee for each of Franchisor's representatives and reimbursement for their travel and living expenses (including airfare, car expenses, lodging, meals, etc.). Additional consulting or support services are subject to availability and shall be offered in Franchisor's sole discretion.

15. INSURANCE

15.1 Policies. Franchisee shall maintain in full force and effect during the Operating Term, at its sole expense, an insurance policy or policies protecting Franchisee, Franchisor, and Franchisor's affiliates and each of their officers, directors, managers, employees, and agents against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Facility, as Franchisor may reasonably require for its own and Franchisee's protection. Franchisee's obligation to maintain this insurance will not be limited in any way by reason of any insurance that Franchisor maintains, nor will it relieve Franchisee of its indemnification obligations under Section 32 (Indemnification). Franchisee's insurance policies must apply on a primary and non-contributory basis to any insurance carried by Franchisor or its affiliates and may not otherwise limit coverage for tort liabilities assumed in this Agreement. Such policies must name Franchisor and its affiliates (as specified by Franchisor), and its and respective direct and indirect owners, directors, officers, managers, employees, and agents, as additional insureds for claims arising from the Facility and must include a waiver of subrogation in favor of Franchisor.

15.2 Coverages. Franchisor has the right to specify in the Confidential Manuals or otherwise in writing the types of insurance and the minimum policy limits that Franchisee must

obtain and maintain. Franchisor may from time to time upon reasonable notice increase, decrease, add to, delete from, or modify the mandatory insurance coverages.

15.3 Evidence of Insurance. Franchisee must provide to Franchisor a certificate of insurance, copy of its currently effective insurance policies (including the Franchisor endorsement), proof of payment of premiums, and any other documentation reasonably requested by Franchisor showing Franchisee's compliance with the foregoing insurance requirements (a) at a time specified by Franchisor prior to opening the Facility, (b) upon renewal of each policy, and (c) within 10 days of Franchisor's request. Such certificate or policies shall state that said policy or policies will not be canceled or altered without at least 30 days' prior written notice to Franchisor. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section shall not relieve Franchisee of liability under any indemnity provision set forth in this Agreement.

15.4 Franchisee's Failure to Maintain. Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, Franchisor shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge such coverage to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15.5 Insurance Company. Franchisee shall obtain all insurance coverage required to be maintained by Franchisee from an insurance provider specified by Franchisor in the Confidential Manuals or another insurance provider accepted in writing by Franchisor. If Franchisee desires to obtain insurance coverage from a provider other than the providers designated by Franchisor, Franchisee must submit to a representative of Franchisor, or arrange for such provider to submit to a representative of Franchisor, any information regarding such proposed provider as Franchisor requires to determine whether such provider is acceptable. Franchisor's representative will notify Franchisee in writing within a reasonable time as to whether Franchisor accepts such proposed provider, and Franchisor will not unreasonably withhold such acceptance. Franchisee must reimburse Franchisor and/or its affiliates or agents for any costs and expenses incurred in reviewing the information regarding any such proposed provider. Franchisor's acceptance of Franchisee's proposed provider shall in no way constitute an endorsement by Franchisor of such provider.

16. FRANCHISEE'S COVENANTS

16.1 Best Efforts. Franchisee covenants that during the Operating Term and any successor terms, except as otherwise approved in writing by Franchisor, Franchisee and the Owners shall devote full time, energy and best efforts to the management and operation of the Facility. Franchisee at all times agrees to use its best efforts to promote and increase the sales and service of the System and to effect the widest and best possible promotion and service to potential clientele for Primrose® learning, recreational and child care services.

16.2 In-Term Covenants. Franchisee and its Owners covenant to Franchisor that during the Operating Term and any successor terms, except as otherwise approved in writing by Franchisor, Franchisee and its Owners shall not, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or Entity:

(a) own, maintain, engage in, have any interest in, lease real estate to, be employed in any managerial capacity in, or provide consulting services to any business (including

any business operated by Franchisee or any of its affiliates prior to entry into this Agreement) in the United States which provides, in whole or in part, educational services, programs, or materials for children of any ages between six weeks through first grade and/or child care services for children of any ages between six weeks through 12 years (a "**Competitive Business**"); or

(b) divert or attempt to divert any business or clientele of the business franchised hereunder to a Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

16.3 Post-Term Covenants. Franchisee and its Owners covenant to Franchisor that, except as otherwise approved in advance in writing by Franchisor, neither Franchisee nor any of its Owners shall, for a period of two years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves, or through, on behalf of, or in conjunction with any person or Entity, own or operate, lease real estate to, be employed in any managerial capacity in, or provide consulting services with respect to the ownership and/or operation of, any Competitive Business within a five-mile radius of the site for the Facility or the Designated Area at the discretion of Franchisor or within a five-mile radius of any existing System Facility at the time of such expiration or termination.

16.4 Independence and Modification. Franchisee and its Owners specifically acknowledge that, pursuant to this Agreement, (a) Franchisee and its Owners have received an advantage through the valuable training provided under this Agreement, the knowledge of the day-to-day operations of a System Facility and access to Franchisor's standards, the Confidential Manuals, the System, Trade Secrets, and Confidential Information (including information regarding the promotional, operational, sales and marketing methods and techniques of Franchisor and the System), and (b) the covenants and restrictions in this Section 16 (Franchisee's Covenants) (i) are reasonable, appropriate and necessary to protect Franchisor's standards and specifications, the System, Trade Secrets, Confidential Information, other franchisees operating under the System, the goodwill of the System, relationships with Franchisor's prospective and existing customers, and Franchisor's legitimate interests; and (ii) do not cause undue hardship on Franchisee or its Owners. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 16 (Franchisee's Covenants) is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee and its Owners expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 16.

16.5 Modification of Covenants. Franchisee and its Owners understand and acknowledge that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 16.2 (In-Term Covenants) and 16.3 (Post-Term Covenants) in this Agreement, or any portion thereof, without Franchisee's or any Owners' consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee and the Owners agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 27 (Entire Agreement).

16.6 Non-Applicability. Sections 16.2 (In-Term Covenants) and 16.3 (Post-Term Covenants) shall not apply to ownership by any of Franchisee or its Owners of less than a 5%

beneficial interest in the outstanding equity securities of any Entity which is registered under the Securities Exchange Act of 1934.

17. DEFAULT AND TERMINATION

17.1 Events of Default. It shall be an **"Event of Default"** under this Agreement if Franchisee:

(a) fails to decorate and equip the premises as provided in Section 4 (Goods, Services, Equipment, and Vehicles) and fails to cure such default within 30 days after receipt of such written notice, or fails (or any Owners that are required to attend training fail) to satisfactorily complete Initial Training, as well as tasks assigned through the Initial Training and Opening Support process, as provided in Section 5 (Training and Assistance) and fails to cure such default within 30 days after receipt of such written notice (unless Franchisor determines, in its sole discretion, that Franchisee will be unable to satisfactorily complete Initial Training);

(b) or an Owner has made any material misrepresentation or omission in its application for the franchise, this Agreement or in any instrument, document or certificate furnished pursuant to this Agreement;

(c) or an Owner (i) have been charged with, convicted of, or plead no contest to a felony or a crime involving fraud or moral turpitude or any other crime that Franchisor (x) deems likely to have an adverse effect on the good name, business, goodwill, image or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, whether on a local, regional, or national scale, or (y) deems relevant to the operation of the Facility; or (ii) have engaged in fraudulent, deceptive, unethical, or other conduct that Franchisor (xx) deems likely to have an adverse effect on the good name, business, goodwill, image, or reputation of Franchisor, its affiliates, the Facility, the System, or the Marks, whether on a local, regional, or national scale, or (yy) deems relevant to the operation of the Facility; or (iii) continues to employ any person whom Franchisee knows or has reason to know has been involved in any of the actions or events described in (i) and (ii). If the Owner that breaches this Section 17.1(c) is a trustee of the trust that owns an interest in Franchisee (a "**Trustee**"), Franchisor shall provide Franchisee with written notice of such default and such default may be cured by removing and replacing such Trustee in accordance with Section 19.3(d) (Changes to a Trustee) with a new Trustee that is satisfactory to Franchisor within 15 days of Franchisee's receipt of such default notice;

(d) makes any unauthorized use, disclosure or duplication of any portion of the Confidential Manuals, or duplicates or discloses or makes any unauthorized use of any Trade Secret or Confidential Information provided to Franchisee by Franchisor;

(e) fails to maintain any license required by law to provide child care or other services contemplated under this Agreement and fails to cure such default within ten days after receipt of such written notice;

(f) abandons or fails or refuses to actively operate the Facility for five business days in any 12-month period, unless the Facility has been closed for a purpose approved by Franchisor or as a result of a governmental order imposed on all similar childcare facilities, or fails to relocate the Facility to a new approved site pursuant to Section 3.7 (Site and Relocation of Facility);

(g) or an Owner (i) takes any action, or permits to exist any condition or circumstance, which endangers the health or safety of any student or other individual on the premises of the Facility, (ii) breaches any law, regulation or ordinance which results in a threat to the public's health or safety, (iii) breaches any Anti-Terrorism Laws, or (iv) operates and maintains motor vehicles that do not comply with applicable federal or state laws, regulations or specifications;

(h) fails to make timely payment of undisputed bills, invoices, or statements from suppliers of products and services and fails to cure such default within 30 days after receipt of such written notice;

(i) surrenders or transfers control of the operation of the Facility, makes or attempts to make, or permits, an unauthorized direct or indirect Transfer (as defined in Section 19.2 (By Franchisee)), or fails or refuses to Transfer the franchise or the interest in Franchisee of a deceased or incapacitated Owner as required in Section 20 (Death or Incapacity);

(j) submits to Franchisor on two or more separate occasions at any time during the term of the franchise any reports or other data, information or supporting records which understate by more than 3% the Royalty Fees and any fees owed to Franchisor for any period of, or periods aggregating, three or more weeks, and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error, or submits any financial statement or supporting record that intentionally understates the Royalty Fees owed to Franchisor or otherwise intentionally distorts any material information;

(k) commits any affirmative act of insolvency, or files any petition or action of insolvency or for appointment of a receiver or trustee, or makes any assignment for the benefit of creditors, or fails to vacate or dismiss within 60 days after filing any such proceedings commenced against Franchisee by a third party;

(l) is subject to a dismissal of a liquidation proceeding pursuant to 11 U.S.C. Section 707, dismissal of a reorganization proceeding pursuant to 11 U.S.C. Section 1112, revocation of an order of confirmation pursuant to 11 U.S.C. Section 1330(b), or dismissal of a debt adjustment proceeding pursuant to 11 U.S.C. Section 1307;

(m) materially misuses or makes an unauthorized use of any Marks, or commits any other act which reasonably can be expected to materially impair the goodwill associated with any Marks;

(n) fails on two or more separate occasions within any period of 12 consecutive months to submit when due reports or other information or supporting records, or to pay when due the Royalty Fees, Brand Fund Fees, Cooperative contributions, or other payments due to Franchisor or its affiliates

(o) fails to commence operations within the time period specified in Section 13.2 (Commencement of Operations);

(p) fails to perform or observe any provision of the lease or sublease for the Facility, any financing of the Facility, and/or any lease or financing of any of the approved equipment or any other equipment, decor, furnishings, fixtures or tangible property used at the Facility, if such failure would permit the termination of any such lease, sublease, or financing arrangement pertaining to the Facility;

(q) fails on three or more occasions within any 12-month period to comply with any one or more covenants, requirements, restrictions or other provisions of this Agreement, whether or not such failure is cured after written notice thereof (which breaches need not be of the same provision);

(r) or its Owners, its affiliates, or any Entity owned by one of its Owners defaults under any other franchise agreement or other agreement that such person or Entity has executed with Franchisor or any of its affiliates, including the REDA;

(s) is in default under any agreement between the developer of the Facility and Franchisee or any of its affiliates;

(t) fails or refuses to make payments of any amounts due Franchisor or its affiliates for Royalty Fee payments, Brand Fund Fee payments, purchases from Franchisor or its affiliates, or any other amounts due to Franchisor or its affiliates, and does not correct such failure or refusal within ten days after notice to Franchisee; or

(u) fails or refuses to comply with (i) any obligation under this Agreement, other than those described in Section 17.1(a) through 17.1(v), (ii) any obligation under any other agreement to which Franchisor or its affiliates and Franchisee or its affiliates are parties, or (iii) any specification, standard, or operating procedure prescribed in the Confidential Manuals or otherwise in writing, and does not correct such failure within 30 business days after being notified in writing of such failure; provided, however, such cure period shall not apply and this Agreement shall be immediately terminable, at Franchisor's option, if such failure cannot reasonably be corrected in less than 30 business days after notice thereof as determined in Franchisor's sole discretion.

17.2 Franchisor's Remedies After An Event of Default.

(a) Right to Terminate. If an Event of Default occurs, Franchisor may, at its sole election and without notice or demand of any kind, declare this Agreement and any and all other rights granted under this Agreement to be immediately terminated and, except as otherwise provided herein, of no further force or effect. Upon termination, Franchisee will not be relieved of any of its obligations, debts, or liabilities under this Agreement, including any debts, obligations, or liabilities that Franchisee accrued prior to such termination.

(b) Other Remedies. If an Event of Default occurs, Franchisor may, at its sole election and upon delivery of written notice to Franchisee, take any or all of the following actions without terminating this Agreement:

(i) temporarily or permanently reduce the size of the Designated Area, in which event the restrictions on Franchisor and its affiliates under Section 1.3 (Exclusivity) will not apply in the geographic area that was removed from the Designated Area;

(ii) temporarily remove information concerning the Facility from Franchisor's website and/or stop Franchisee's or the Facility's participation in any other programs or benefits offered on or through Franchisor's website;

(iii) suspend Franchisee's right to participate in one or more programs or benefits that the Brand Fund provides;

(iv) suspend any other services that Franchisor or its affiliates provide to Franchisee or its affiliates under this Agreement or any other agreement;

(v) suspend or terminate any temporary or permanent fee reductions to which Franchisor might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);

(vi) suspend Franchisor's or its affiliates' performance of, or compliance with, any of its obligations to Franchisee or its affiliates under this Agreement or other agreements;

(vii) undertake or perform on Franchisee's behalf any obligation or duty that Franchisee is required to, but fails to, perform under this Agreement. Franchisee will reimburse Franchisor upon demand for all costs and expenses that Franchisor reasonably incurs in performing any such obligation or duty; and/or

(viii) enter upon the premises of the Facility and exercise complete authority with respect to the operation of said business until such time as Franchisor determines that the default of Franchisee has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a designated representative or representatives of Franchisor may take over, control, and operate said business, and that Franchisee shall pay Franchisor a reasonable service fee, plus all travel expenses, room and board, and other expenses reasonably incurred by such representative(s), so long as it shall be required by the representative(s) to enforce compliance herewith. Franchisee further agrees that if Franchisor temporarily operates the Facility on behalf of Franchisee, Franchisee agrees to indemnify and hold harmless Franchisor and its representatives for any and all acts and omissions, including negligence, which Franchisor or its representatives may perform or fail to perform in connection with the operation of the Facility.

(c) Exercise of Other Remedies. Franchisor's exercise of its rights under Section 17.2(b) (Other Remedies) will not (i) be a defense for Franchisee to Franchisor's enforcement of any other provision of this Agreement or waive or release Franchisee from any of its other obligations under this Agreement, (ii) constitute an actual or constructive termination of this Agreement, or (iii) be Franchisor's sole or exclusive remedy for Franchisee's default. Franchisee must continue to pay all fees and otherwise comply with all of its obligations under this Agreement (except as set forth in Section 17.2(b)(viii) (Franchisor's assumption of management)) following Franchisor's exercise of any of these rights. If Franchisor exercises any of its rights under Section 17.2(b), Franchisor may thereafter terminate this Agreement without providing Franchisee any additional corrective or cure period, unless the default giving rise to Franchisor's right to terminate this Agreement has been cured to Franchisor's reasonable satisfaction.

17.3 Notice Periods Under Applicable Law. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, such provisions shall, to the extent they are not in accordance with applicable law, not be effective, and Franchisor shall comply with applicable law in connection with each of these matters.

17.4 Authority to Notify Lenders and Creditors. Franchisee hereby authorizes Franchisor to notify any lender, creditor, or customer of Franchisee or the franchise upon the occurrence of an Event of Default, or of any event or circumstance which with the giving of notice or passage of time or both would constitute an Event of Default under Section 17.1 (Events of

Default), and to otherwise communicate with such lenders, creditors or customers with respect to any such default, or any such event or circumstance.

18. RIGHTS AND DUTIES OF PARTIES UPON EXPIRATION OR TERMINATION

Upon termination or expiration of this Agreement for any reason, all rights granted hereunder to Franchisee shall terminate, and:

18.1 Cessation of Franchise Status. Franchisee shall immediately cease to operate the Facility under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold themselves out as a present or former franchisee of Franchisor.

18.2 System and Marks. Franchisee shall immediately and permanently cease to use, by advertising or in any other manner whatsoever, any confidential methods, procedures and techniques associated with the System; the Marks, or any trade name, trademark or service mark confusingly similar to the Marks; and any distinctive forms, slogans, signs, symbols, colors, logos or devices associated with the Marks or the System. In particular, Franchisee shall cease to use, without limitation, all signs, advertising materials, stationery, forms and any other articles which display the Marks.

18.3 Assignment of Name. Franchisee shall take such action as may be necessary to assign to Franchisor or Franchisor's designee any assumed name or equivalent registration which contains the name "PRIMROSE" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within 30 days after termination or expiration of this Agreement.

18.4 Marks. Franchisee and its Owners, jointly and severally agree, in the event they continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute Franchisor's exclusive rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with Franchisor so as to constitute unfair competition. Franchisee shall make such modifications or alterations to the premises operated under this Agreement (including the changing of any telephone numbers) immediately upon termination or expiration of this Agreement as may be necessary, in Franchisor's discretion, to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee, Real Estate Affiliate, or others, and shall make such specific additional changes to the premises as Franchisor may reasonably request for that purpose, including removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this Section 18, Franchisor shall have the right to enter upon the premises where the Facility was located, without being guilty of criminal trespass or liable for any tort, for the purpose of making or causing to be made such changes as may be required at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

18.5 Payment of Amounts Due, Damages, and Expenses. Franchisee shall promptly pay all sums owing to Franchisor. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including lost future royalties and reasonable attorneys' fees, incurred by Franchisor as a result of the default.

18.6 Payment of Enforcement Expenses. Franchisee shall comply with all covenants and obligations that survive this Agreement, including the covenants contained in Sections 8 (Confidential Information), 16 (Franchisee's Covenants), and 18 (Rights and Duties of Parties Upon Expiration or Termination) of this Agreement, as applicable. If, after the termination or expiration of this Agreement, Franchisee fails to comply with these Sections, Franchisee shall pay to Franchisor all damages, costs, and expenses, including reasonable attorneys' fees, that Franchisor incurs in seeking to enforce such provisions, including costs related to obtaining injunctive or other relief.

18.7 Return of Confidential Manuals. Franchisee shall immediately turn over to Franchisor all hard copies and electronic forms of manuals, including the Confidential Manuals, clientele lists, records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor or its affiliates to Franchisee, its affiliates, or any Owner relating to the operation of the Facility (all of which are acknowledged to be Franchisor's property), including all Trade Secrets and Confidential Information of Franchisor and its affiliates.

18.8 Signs. Franchisor shall acquire all right, title and interest in and to any sign or sign faces bearing the Marks. Franchisee hereby acknowledges Franchisor's right to have access to the premises of the Facility should Franchisor elect to take possession of any said sign or sign faces bearing the Marks.

18.9 Purchase/Lease Right.

(a) Option to Purchase/Lease. Not earlier than 90 days prior to, but in no event later than 30 days following the expiration or termination of this Agreement for any reason (the "**Option Period**"), Franchisor may, at its sole option, give notice to Franchisee that it intends to purchase from Franchisee or any of its affiliates any or all of the assets relating to or used in the Facility or otherwise in Franchisee's business, including the site of the Facility (including any improvements to such real property), and all materials, furniture, equipment, inventories, and supplies relating to or used in the Facility or Franchisee's business (collectively, the "**Business Assets**"). The term Business Assets shall not include, however, any goodwill of Franchisee's business, the value of any sublease or lease under which Franchisee leases the Facility, or any Business Assets which Franchisor, in its sole opinion, deems to be unusable or obsolete. The site of the Facility, including the real property and improvements to the real property (collectively, the **"Real Property"**) shall be included in the Business Assets only if such Real Property is owned by Franchisee or any of its affiliates at the time of the expiration or termination of this Agreement. If the Real Property is not owned by Franchisee or its affiliates, Franchisor shall be entitled to exercise (i) its right to assume the lease pursuant to Section 18.9(f) (Assumption of Lease) or (ii) Franchisee's or its option to purchase the site on which the Facility is located at the end of the lease term (as specified in Section 3.4(b) (Lease or Sublease from Parties Other than Franchisor)). Franchisee agrees to provide Franchisor with any information Franchisor reasonably requires, and to allow Franchisor to inspect the Facility and its assets, to determine whether to exercise its option under this Section 18.9. Franchisor shall have the unrestricted right to exclude any Business Assets from the schedule of assets that Franchisor shall acquire.

(b) Purchase Price. The gross purchase price for the Business Assets shall be equal to the sum of (i) the average fair market value as determined by three qualified independent appraisers, one selected by Franchisor, the second selected by Franchisee, and the third selected by the other two appraisers (net of all liens and/or encumbrances which the Business Assets shall be conveyed subject to), of the Real Property included in the Business Assets, if any, plus (ii) the lesser of Franchisee's or its affiliate's depreciated cost or fair market

value of all of the personal property included in the Business Assets (with fair market value of personal property determined in the same manner as in (i) above). For purposes of the determination by such appraisers of the fair market value of the Real Property included in the Business Assets, such fair market value shall be the amount of cash which would be realized by Franchisee or its affiliate if such Real Property were sold by a willing seller to a willing buyer to be used as a System Facility as contemplated in this Agreement and for no other purpose. Any determination of the fair market value of the Business Assets shall not include any business goodwill factor. Within seven days after the determination of the purchase price, Franchisor may elect upon written notice to Franchisee to not complete the purchase or to remove a portion of the Business Assets from the schedule of assets that Franchisor shall acquire.

(c) Deductions from Purchase Price. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any sums owing, as of the date of the closing, from Franchisee and/or its affiliates to Franchisor and any of its affiliates under or in connection with this Agreement or any other agreements to which Franchisor or any of its affiliates and Franchisee or any of its affiliates are parties; (ii) any sums expended by Franchisor to cure any defaults by Franchisee and Real Estate Affiliate, as applicable, under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the Business Assets; (iii) all reasonable expenses of Franchisor incurred in negotiating and effecting the purchase of any of the Business Assets (including all attorneys' fees and other expenses); and (iv) any management fees to which Franchisor is entitled pursuant to this Section 18.9 (Purchase/Lease Right).

(d) Closing. The closing of any such purchase shall take place at a time and location to be selected by Franchisor; provided, however, that such closing shall not occur any later than 90 days after Franchisor gives the notice described above. If for any reason the closing is scheduled for a date after the expiration or termination of this Agreement, Franchisee shall, if so specifically required by Franchisor, continue to operate the Facility until such closing occurs, and in such event, this Agreement shall continue in effect until such closing occurs. At such closing, Franchisee or its affiliates shall convey all Business Assets which Franchisor elects to purchase with all warranties of good and marketable title, free and clear of all liens and encumbrances, except those of which Franchisor notifies Franchisee or its affiliates in writing prior to closing that Franchisor is willing to assume. Franchisee shall execute, and shall cause its affiliates to execute, all documents required by Franchisor, in such form as is approved by Franchisor, in order to consummate such transaction.

(e) Operation of Facility. If Franchisor notifies Franchisee of Franchisor's intent to exercise the purchase option set forth above in this Section 18.9 (Purchase/Lease Right) upon expiration or termination of this Agreement, then Franchisor shall have the right, but not the obligation, to manage the Facility for the period commencing with the expiration or termination of this Agreement until the transaction contemplated by this Section 18.9 has been consummated. Franchisor shall be entitled to a management fee equal to 5% of Franchisee's Gross Revenues for the period during which Franchisor operates the Facility, plus reimbursement of Franchisor's out-of-pocket expenses. The parties intend that claims resulting from Franchisor's management of the Facility shall be subject to indemnification by Franchisee as provided in this Section 18.9 (Purchase/Lease Right). If Franchisor exercises this right, Franchisee must execute any agreements required by Franchisor to further document this management arrangement. Franchisee acknowledges and agrees that it, its affiliates, and its Owners may not sell, lease, or otherwise dispose of any of the Business Assets until the earlier of (i) the expiration of the Option Period (unless Franchisor gives notice of its intent to exercise the option within the Option Period), (ii) its receipt from Franchisor of a written notice that Franchisor does not intend to exercise its

option, or (iii) the expiration of the option due to Franchisor's failure to comply with the deadlines set in this Section 18.9. If Franchisor provides written notice that it will not be exercising its option to purchase certain Business Assets, Franchisee, its affiliates, and its Owners may sell, lease, or otherwise dispose of such assets.

(f) Assumption of Lease. In lieu of exercising the other rights granted to Franchisor pursuant to this Section 18.9 (Purchase/Lease Right), Franchisor shall have the right: (i) if the lessor under the lease is Real Estate Affiliate, upon termination of this Agreement prior to its expiration, to assume the existing lease for the Facility for the remaining term of the lease, upon the terms and conditions contained in the lease as previously approved by Franchisor; and (ii) upon expiration or termination if the lessor under the lease is Real Estate Affiliate, upon expiration or termination to assume such lease for the remaining term of the lease which, if less than ten years, shall, at Franchisor's option be modified to be ten years or such other term as lessor and Franchisee may agree to. Franchisor shall have the right to assign its rights under this paragraph to a third party or to sublease the premises subject to the lease without the prior written consent of the lessor. Franchisee shall cause the lessor under the lease for the premises to execute such documents and to take such other and further action as Franchisor may reasonably require implementing the provisions of this paragraph.

(g) Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 18.9 (Purchase/Lease Right) to any other person or entity.

18.10 Assignment of Identifiers. Upon termination or expiration of this Agreement, Franchisee immediately shall take all action, or cause its affiliates or Owners to take all action, required to cancel or transfer to Franchisor or its designee all authorized and unauthorized domain names, social media accounts, telephone numbers, post office boxes, and classified and other directory listings relating to, or used in connection with, the Facility or the Marks (collectively, **"Identifiers"**). Franchisee acknowledges that as between Franchisee and its affiliates and Franchisor and its affiliates, Franchisor and its affiliates have the sole right to and interest in all Identifiers. If Franchisee fails to comply with this Section 18.10, Franchisee hereby authorizes Franchisor and irrevocably appoints Franchisor or its designee as Franchisee's attorney-in-fact to direct the telephone company, postal service, registrar, Internet Service Provider and all listing agencies to transfer such Identifiers to Franchisor. The telephone company, the postal service, registrars, Internet Service Providers and each listing agency may accept such direction by Franchisor pursuant to this Agreement as conclusive evidence of Franchisor's exclusive rights in such Identifiers and Franchisor's authority to direct their transfer.

18.11 Other Surviving Obligations. All obligations of Franchisor and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding such expiration or termination for any reason and until they are satisfied or by their nature expire.

19. TRANSFERABILITY OF INTEREST

19.1 By Franchisor. This Agreement and all rights hereunder may be assigned and transferred by Franchisor without limitation and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns.

19.2 By Franchisee. This Agreement and all rights hereunder may be assigned and transferred by Franchisee and, if so, shall be binding upon and inure to the benefit of Franchisee's

successors and assigns, subject to the following conditions and requirements, and Franchisor's right of first refusal as set forth in Section 21 (Right of First Refusal). For purposes of this Agreement, **"Transfer"** as a verb means to sell, assign, give away, transfer, pledge, mortgage, or encumber, either voluntarily or by operation of law (such as through divorce or bankruptcy proceedings), any direct or indirect legal or beneficial ownership interest in this Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of Franchisee's Entity. **"Transfer"** as a noun means any such sale, assignment, gift, transfer, pledge, mortgage, or encumbrance of any direct or indirect legal or beneficial ownership interest in this Agreement, the Facility, substantially all the assets of the Facility, or in the ownership of Franchisee's Entity. A "**Control Transfer**" means any Transfer of (i) this Agreement or any interest in this Agreement; (ii) the Facility or all or substantially all of the Facility's assets; or (iii) any Controlling Ownership Interest (defined below) in Franchisee's Entity, whether directly or indirectly through a transfer of legal or beneficial ownership interests in any Owner that is an Entity and whether in one transaction or a series of related transactions, regardless of the time period over which these transactions take place. References to a "**Controlling Ownership Interest**" in Franchisee's Entity means an interest, the acquisition of which grants the power (whether directly or indirectly) to direct, or cause the direction of, management and policies of Franchisee or the Facility to any individual or Entity, or group of individuals or Entities, that did not have that power before that acquisition.

(a) No Transfer Without Franchisor's Consent. Franchisee and its Owners may not make a Transfer or permit any Transfer to occur without the prior written consent of Franchisor. Any purported Transfer of any of Franchisee's or any Owner's rights herein not having the aforesaid consent shall be null and void and shall constitute an Event of Default.

(b) Notice of Proposed Transfer or Offer. If Franchisee or any of its Owners desire to make a Transfer, Franchisee must promptly provide Franchisee with advance written notice and must submit a copy of all proposed contracts and other information concerning the Transfer and transferee that Franchisor reasonably requires. Franchisor has the right to communicate with both Franchisee, its counsel, and the proposed transferee on any aspect of a proposed Transfer. No Transfer may be completed until at least 60 days after Franchisor receives written notice of the proposed Transfer. If Franchisor requires additional time to comply with franchise disclosure laws, Franchisee must delay the Transfer until Franchisor has complied with such laws. Franchisee agrees to indemnify and hold harmless Franchisor for Franchisee's failure to comply with this Section 19.2(b).

(c) Obtaining Franchisor's Consent. Franchisor shall not unreasonably withhold its consent to any Transfer when requested. If the Facility is not open and operating, Franchisor will not consent to a Transfer of this Agreement and is under no obligation to do so. Among other requirements and conditions that may be specified by Franchisor, Franchisor requires the following conditions and requirements to be met to the full satisfaction of Franchisor before Franchisor will grant its consent:

(i) Control Transfer. For a proposed Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, the following conditions apply (unless waived by Franchisor):

a) the transferee(s) shall meet Franchisor's then-current requirements for approval as a new franchisee. If the transferee is an existing franchisee, in addition to any other requirements, the transferee shall not be in default under any agreements with Franchisor and its affiliates, shall have complied with standards and requirements throughout

the term, and shall, in Franchisor's sole discretion, have the financial and operational capacity to operate an additional facility. Franchisee and its Owners shall provide Franchisor with such information as Franchisor may require making such determination concerning each such proposed transferee;

b) the transferee(s) or such other individual(s) as shall be the on-site owner or Director of the franchise shall have successfully completed and passed the training course then in effect for franchisees (which training course will require the payment of the then-current charge for such training), or otherwise demonstrated to Franchisor's satisfaction sufficient ability to operate the Facility being transferred;

c) the transferee(s), including all shareholders, officers, directors, managers, members and partners of the transferee(s), shall jointly and severally execute any or all of the following, at Franchisor's sole discretion and as Franchisor shall direct: (i) a Franchise Agreement and other standard ancillary agreements with Franchisor on the then-current standard forms being used by Franchisor for a term of ten years; and/or (ii) a written assignment from Franchisee in the form prescribed by Franchisor, wherein the transferee(s) shall assume all of Franchisee's obligations hereunder;

d) approval by Franchisor of any Transfer by Franchisee shall in no way be deemed a release by Franchisor of Franchisee's or Owner's obligations pursuant to this Agreement, including its obligation to comply with the covenants in Section 16 (Franchisee's Covenants). Consent by Franchisor to a Transfer of the franchise shall not constitute or be interpreted as consent for any future Transfer;

e) for the transferee Entity:

i) each certificate of the transferee shall have conspicuously endorsed upon it a statement that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement;

ii) no new equity interest in the transferee shall be issued to any person or Entity, without obtaining Franchisor's prior written consent; and

iii) all partners, shareholders, or members of the transferee shall guarantee the performance of the transferee of all obligations under this Agreement;

f) all accrued monetary and other obligations of Franchisee and any Real Estate Affiliate to Franchisor, its affiliates, or its assignees, shall be fully paid and satisfied prior to the Transfer, and Franchisee shall not be in default under the terms of this Agreement;

g) Franchisee must prior to the Transfer (or, if Franchisor, in its sole discretion, consents in writing, the transferee in a period that Franchisor designates after the Transfer occurs) bring the Facility into compliance with Franchisor's then-current standards, which may require remodeling, modernizing, or redecorating the Facility in accordance with Section 3.14 (Remodeling and Alterations);

h) Franchisee and its Owners, prior to the Transfer, shall execute a termination agreement (in a form prescribed by Franchisor), as well as a general

release (in a form prescribed by Franchisor) of any and all claims against Franchisor and its affiliates and their respective officers, directors, agents, and employees;

i) the transferee(s) must meet all applicable child care licensing requirements of the municipality, county, and state in which the Facility is located;

j) the transferee(s) must provide to Franchisor, for Franchisor's review and approval, which approval will not be unreasonably withheld, a business plan for the operation of the Facility;

k) Franchisee must pay to Franchisor, at the time the contemplated Transfer is consummated, a Transfer Fee of 40% of the then-current Initial Fee charged to existing franchisees purchasing a new franchised System Facility (the "**Transfer Fee**"), plus all reasonable costs incurred by Franchisor or reasonably anticipated to be incurred by Franchisor for the training, supervision, administrative costs, overhead, attorneys' fees, accounting and other expenses of Franchisor incurred in connection with the transfer (collectively the "**Transfer Costs**"). Notwithstanding anything to the contrary in this Agreement, Franchisee shall be required to reimburse Franchisor promptly on demand for all Transfer Costs in the event the contemplated Transfer is not consummated for any reason whatsoever;

l) the transferee must pay to Franchisor, at the time the contemplated transfer is consummated, a non-refundable Initial Fee equal to 60% of the then-current Initial Fee charged to existing franchisees purchasing a new franchised System Facility;

m) Franchisor must determine, in its sole discretion, that the purchase price and payment terms will not adversely affect the operation of the Facility; and

n) if transferee and its owners finance any part of the purchase price, they must agree that all obligations under promissory notes, agreements, or security interests reserved in the Facility are subordinate to the transferee's obligation to pay all amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement.

(ii) Non-Control Transfer. For any Transfer that does not result in a Control Transfer, in addition to any other conditions that Franchisor reasonably specifies, Franchisee and/or its transferee must (unless waived by Franchisor) (a) satisfy the conditions in Sections 19.2(c)(i)(a) (good moral character), 19.2(c)(i)(d) (no release of obligations), 19.2(c)(i)(e) (certificate terms), 19.2(c)(i)(f) (pay all sums owed and no defaults), 19.2(c)(i)(h) (general release), 19.2(c)(i)(i) (transferee meets licensing requirements), 19.2(c)(i)(n) (subordinate obligations), and 19.2(c)(i)(o) (no release of covenants) and (b) pay Franchisor its then-current Transfer Fee for Transfers that do not result in a Control Transfer. Franchisee, its Owners, and its transferee must execute a written assignment in the form prescribed by Franchisor and any other related documents that Franchisor specifies to reflect Franchisee's new ownership structure.

19.3 Transfers Involving Trusts.

(a) Transfer to a Revocable Trust. Notwithstanding Section 19.2 (By Franchisee), any Owner who is an individual may Transfer his or her ownership interest in Franchisee's Entity (or in any Entity that is an Owner of Franchisee's Entity) to a trust that he or she establishes for estate planning purposes, as long as (a) he or she is a trustee of the trust and otherwise controls the exercise of the rights in Franchisee (or Franchisee's Owner) held by the

trust; (b) Franchisee provides Franchisor with advance written notice of such proposed Transfer and copies of the trust documentation that demonstrates its compliance with this provision at least 30 days before the Transfer's anticipated effective date; and (c) the trust is held for the sole benefit of Owner during Owner's lifetime and is revocable by Owner.

(b) Transfer to an Irrevocable Trust. Any Transfer to an irrevocable trust shall be subject to Section 19.2, including Franchisor's approval right, and any additional conditions specified by Franchisor.

(c) Changes to a Trust. Any (i) dissolution of a trust or (ii) Transfer of any interests held by a trust shall be subject to all applicable terms and conditions of Section 19.2.

(d) Changes to a Trustee. In the event of any change in the office of Trustee of any trust that is an Owner, whether as a result of resignation, removal, death, incompetency, or the appointment of a co-trustee, Franchisor shall not unreasonably withhold its consent to such change, provided that (i) the ownership interests continue to be held by the same trust, (ii) there is no change in control of the Franchisee, and (iii) the Franchisee, outgoing Trustee (for the execution of the termination agreement and general release), and the new trustee/transferee ("**New Trustee**") (a) satisfy the conditions specified in Sections 19.2(c)(i)(a) (good moral character), 19.2(c)(i)(d) (no release of obligations), 19.2(c)(i)(f) (pay all sums owed and no defaults), 19.2(c)(i)(h) (general release), and 19.2(c)(i)(i) (transferee meets licensing requirements), (b) pay Franchisor the Transfer Costs, and (c) execute any documents that Franchisor specifies to reflect the change in Trustee. If Franchisor does not consent to the change in Trustee and the New Trustee is nevertheless appointed, the appointment shall be deemed to be an Event of Default (for which Franchisor may terminate this Agreement), unless within six months of the date that the New Trustee is appointed (i) the New Trustee is replaced by a trustee approved by Franchisee in accordance with this Section 19.3(d) or (ii) the ownership interests held by the trust are transferred to an approved third party in accordance with Section 19.2 (By Franchisee).

19.4 No Advertisements. Franchisee shall not, without the prior written consent of Franchisor, place in, on, or upon the location franchised hereunder, or in any communication media, any form of advertising relating to the sale or rental of the Facility or the rights granted hereunder.

20. DEATH OR INCAPACITY

20.1 Procedure for Transfer. If any individual Owner dies or becomes incapacitated, such Owner's executor, administrator, or personal representative must apply to Franchisor in writing within 90 days after the death or incapacity occurs for consent to Transfer the person's interest to a qualified transferee. The Transfer will be subject to the provisions of Section 19.2 (By Franchisee) and 21 (Right of First Refusal), as applicable, except no Transfer Fee, Transfer Costs, or Initial Fee shall be due. The Transfer must be completed to a transferee approved by Franchisor within 180 days after the death or declaration of incapacity of the Owner. In addition, if the deceased or incapacitated person is the On-Site Owner, Section 22 (Operation in the Event of Absence, Incapacity or Death) may apply.

20.2 Reversion. In the event of the death or incapacity of any Owner, where the aforesaid provisions of Sections 19 and 20 have not been fulfilled within the time provided, all rights licensed to Franchisee under this Agreement shall, at the option of Franchisor, terminate and automatically revert to Franchisor.

20.3 Incapacity. For purposes of this Agreement, "**incapacity**" shall be defined as any physical or mental infirmity that will prevent an individual from operating or overseeing the operation of the Facility (i) for a period of 30 or more consecutive days or (ii) for 60 or more total days during any rolling 12-month period.

21. RIGHT OF FIRST REFUSAL

21.1 Option. If Franchisee or an Owner shall at any time decide to solicit or consider offers for a Transfer (including a Transfer of any ownership interests or assets that would close after the expiration of the Term), it shall obtain a bona fide written offer from a legitimate and fully disclosed purchaser and shall submit an exact copy of such offer to Franchisor prior to entering into a binding agreement related to the Transfer. Franchisor may withhold its consent to any such transaction as provided for in Section 19 (Transferability of Interests), if applicable, or shall have the option, exercisable within 30 days after its receipt of such entire offer, to purchase such assets or interests on the same terms and conditions offered by or to the purchaser; provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Franchisee shall not permit any such offer to include any assets other than those used in the operation of the business of the Facility in accordance with the System.

21.2 Terms. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any real estate or brokerage commission which Franchisor or its designated purchaser is required to pay, (ii) any sums owing, as of the date of the closing, from Franchisee or any of its Affiliates to Franchisor and any of its affiliates under or in connection with this Agreement or any other agreements to which Franchisor or any of its affiliates and Franchisee or any of its affiliates are parties, (iii) any sums expended by Franchisor to cure any defaults by Franchisee and any of its affiliates, as applicable, under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the assets of the franchise. The closing of Franchisor's exercise of such option shall occur within 90 days after Franchisor's election of such option. As a result of the closing, this Agreement shall be terminated, but Franchisee shall remain responsible for its obligations hereunder which survive the termination of this Agreement. Franchisee shall transfer and deliver all of such assets or Interests to Franchisor free and clear of all liens, with all warranties of title and otherwise as shall be required by Franchisor.

21.3 Refusal to Exercise. If Franchisor does not exercise the right of first refusal set forth in this Section 21 (Right of First Refusal), the offer may be accepted by Franchisee or an Owner, subject to the prior written approval of Franchisor, as provided in Section 19 (Transferability of Interests). If any such proposed Transfer is not consummated within three months of the date of such initial written offer or if there is any material modification to the terms of the offer that was presented to Franchisor, Franchisor shall again have the right of first refusal herein described. Any Transfer is conditional upon Franchisor's determination that the Transfer was on terms substantially the same as those offered to Franchisor.

21.4 Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 21 (Right of First Refusal) to any other person or Entity.

22. OPERATION IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH

22.1 Right to Operate. In order to prevent any interruption of the Facility which would cause harm to and depreciate the value of said business, if, in the sole judgment of Franchisor, (i) the On-Site Owner is absent, incapacitated (as defined herein), or deceased and (ii) there is

no other Owner that is available and qualified to operate the Facility, Franchisee authorizes Franchisor to operate the Facility for so long as Franchisor deems necessary and practical, without waiver of any other rights or remedies Franchisor may have under this Agreement.

22.2 Operation of the Facility. All monies from the operation of the Facility during such period of operation by Franchisor shall be kept in a separate account and the expenses of the Facility, including reasonable compensation and expenses for Franchisor's representative overseeing the operation of the Facility, shall be charged to said account with any deficiencies being reimbursed to Franchisor by Franchisee. Franchisee and its Owners, officers, directors and managers agree, jointly and severally, to indemnify and hold harmless Franchisor and any representative of Franchisor who may act hereunder, from any and all claims arising from the acts and omissions of Franchisor and its representative during Franchisor's operation of the Facility. Without limiting any other rights contained in this Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 22 to any other person or Entity.

23. INDEPENDENT CONTRACTOR

23.1 Relationship of the Parties. Franchisee is an independent contractor. Nothing in this Agreement is intended to or does in fact or law make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose. This Agreement does not create a fiduciary relationship between the parties. Further, Franchisor and Franchisee are not and do not intend to be partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Although Franchisor retains the right to establish and modify the System that Franchisee must follow, Franchisee retains the responsibility for the day-to-day management and operation of the Facility and implementing and maintaining standards at the Facility. To the extent that the Confidential Manuals or Franchisor's guidelines or standards contain employee-related policies or procedures that might apply to Franchisee's employees, those policies and procedures are provided for informational purposes only and do not represent mandatory policies and procedures to be implemented by Franchisee. Franchisee must determine to what extent, if any, these policies and procedures may be applicable to Franchisee's operations at the Facility. Franchisor and Franchisee recognize that Franchisor neither dictates nor controls labor or employment matters for franchisees and that Franchisee, and not Franchisor, is solely responsible for dictating the terms and conditions of employment for Franchisee's employees including training, wages, benefits, promotions, hirings and firings, vacations, safety, work schedules, and specific tasks. Franchisor has no relationship with Franchisee's employees and Franchisee has no relationship with Franchisor's employees.

23.2 Public Representation. During the Operating Term and any extension hereof, Franchisee shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from Franchisor. Franchisee agrees to take such affirmative action as may be necessary to do so, including exhibiting a notice of that fact in a conspicuous place on the premises of the Facility and on all forms, stationery or other written materials, the content of which Franchisor reserves the right to specify. Additionally, Franchisee shall prominently display, in a location determined by Franchisor, a notice which states "Franchises Available."

24. NON-WAIVER

No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's

right to demand exact compliance with the terms hereof. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or of a different nature; nor shall any delay, waiver, forbearance or omission of Franchisor to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions or covenants hereof affect or impair Franchisor's rights, nor shall it constitute a waiver by Franchisor of any right hereunder or of the right to declare any subsequent breach or default. Subsequent acceptance by Franchisor of any payment(s) due to it hereunder or the granting of a successor term hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

25. NOTICE

25.1 To Franchisor. Franchisee may deliver all routine requests for approval, day-to-day operational communications, and reports to the e-mail addresses that Franchisor designates in writing from time to time, but Franchisee must deliver all legal notices (including notices related to defaults, terminations, renewals, and Transfers) (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the following address (which Franchisor may change upon delivery of written notice to Franchisee): PRIMROSE SCHOOL FRANCHISING SPE, LLC 3200 Windy Hill Road SE, Suite 1200E, Atlanta GA 30339, Attn: General Counsel.

25.2 To Franchisee. Franchisor may deliver all communications to Franchisee, including legal notices (such as notices related to defaults, terminations, renewals, and Transfers), to the e-mail address that Franchisee designates in writing from time to time or (a) personally; (b) by certified or registered United States mail, postage prepaid; or (c) by a nationally recognized overnight delivery service to the Facility address or the address listed on the first page of this Agreement (which Franchisee may change upon delivery of written notice to Franchisor).

25.3 Timing of Receipt. All approvals, requests, notices, reports, and payments will be deemed delivered (a) at the time delivered by hand; (b) one business day after sending by e-mail; or (c) upon attempted delivery when sent by registered or certified mail or overnight delivery service.

26. COST OF ENFORCEMENT OR DEFENSE

In the event that either party to this Agreement is required to employ legal counsel or to incur other expense to enforce any obligation of the other party hereunder, or to defend against any claim, demand, action or proceeding by reason of the other party's failure to perform any obligation imposed upon the other party by this Agreement, and provided that legal action is filed and such action or the settlement thereof establishes the other party's default hereunder, then the prevailing party shall be entitled to recover from the other party the amount of all reasonable fees of such counsel and all other expenses incurred in enforcing such obligation or in defending against such claim, demand, action or proceeding, whether incurred prior to or in preparation for or contemplation of the filing of such action or thereafter. Nothing contained in this Section 26 shall relate to arbitration proceedings pursuant to this Agreement.

27. ENTIRE AGREEMENT

This Agreement, any Exhibit attached hereto, and the documents referred to herein, shall be construed together and constitute the entire, full and complete agreement between Franchisor

and Franchisee concerning the subject matter hereof, and supersede all prior agreements, except for any representations included in Franchisor's Franchise Disclosure Document (the **"FDD"**). Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the FDD. Except for any representations included in this Agreement and in the FDD, no other representation has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein or in the FDD, which are of any force or effect with reference to this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

28. SEVERABILITY AND CONSTRUCTION

28.1 Severability. Each section, part, term and/or provision of this Agreement shall be considered severable, and if, for any reason, any section, part, term and/or provision herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, it shall not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue to be given full force and effect and bind the parties hereto; and the invalid sections, parts, terms and/or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines the finding of illegality adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

28.2 Payment of Costs, Expenses and Fees. To the extent that Franchisee is required under this Agreement to reimburse Franchisor for certain costs or expenses, or to pay Franchisor certain hourly or per diem fees, and such costs or expenses actually are incurred by, or such fees actually are charged by, an affiliate or agent of Franchisor, Franchisee shall be obligated to reimburse or pay such affiliate or agent, in lieu of reimbursing or paying Franchisor, as directed from time to time by Franchisor.

28.3 No Rights to Other Parties. Except for rights granted in this Agreement to (i) Franchisor's affiliates and Franchisor's and such affiliates' successors and assigns and their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives and (ii) Franchisee's successors and assigns, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal Entity other than Franchisor or Franchisee any rights or remedies under, or by reason of, this Agreement.

28.4 System Facilities and Franchisees. All references to "System Facilities" include System Facilities operated or licensed to third parties by Franchisor or its affiliates. All references to "franchisees" include franchisees licensed to operate System Facilities by Franchisor or its affiliates.

28.5 Franchisee's Agreement to Be Bound. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement, any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

28.6 Construction. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of

any provision of this Agreement. The words "**include**," "**including**," and words of similar import shall be interpreted to mean "including, but not limited to" and the terms following such words shall be interpreted as examples of, and not an exhaustive list of, the appropriate subject matter.

28.7 Successors and Assigns. As used in this Agreement, the term "Franchisee" shall include all persons who succeed to the interest of the original Franchisee by transfer or operation of law, and the term "Franchisor" shall include all person who succeed to the interest of the original Franchisor by transfer of operation of law.

28.8 Counterparts. This Agreement may be executed in two or more counterparts, and each copy so executed shall be deemed one and the same original instrument.

29. APPLICABLE LAW

29.1 Place of Execution and Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor in Georgia; and shall be interpreted and construed under the laws of Georgia, which laws shall prevail in the event of any conflict of law, except the law of the state in which the Facility is located shall apply to the construction and enforcement of the obligations set forth in Section 16 (Franchisee's Covenants).

29.2 Court Actions. The parties agree that any actions permitted to be brought under this Agreement by either party in any court, whether federal or state, shall be brought within the United States District Court for the district where Franchisor's principal place of business is located at the time such action is filed, or the Superior (or any comparable) Court where Franchisor's principal place of business is located at the time such action is filed, and do hereby waive all objections based upon lack of personal jurisdiction or improper venue for the purposes of carrying out this provision.

29.3 Cumulative Remedies. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed to be, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

30. ARBITRATION

30.1 Arbitration. Except for actions by Franchisor or Franchisee for injunctive or other equitable relief or to enforce a final judgment or arbitral award, and for claims to the extent that they relate to the protection or enforcement of Franchisor's or its affiliates' rights in and to intellectual property (including the Marks), the parties agree that any and all disputes between them or any of their affiliates, and any claim by either party or any of their affiliates, that cannot be amicably settled, shall be determined solely and exclusively by arbitration in accordance with the rules established by the American Arbitration Association or any successor thereof ("**AAA**"). Arbitration shall take place at an appointed time and place at the office of AAA nearest to Franchisor's principal place of business at the time such proceeding is filed. The arbitrators shall not have the right to alter the locale of the arbitration as set forth in the preceding sentence. Each party shall cause its affiliates to abide by the provisions of this Section 30 (Arbitration).

30.2 Selection of Arbitrators. Franchisor, on behalf of itself and each of its affiliates, and Franchisee shall select one arbitrator (who shall not be counsel for any party), and the two so designated shall select a third arbitrator. If either party shall fail to designate an arbitrator within seven days after arbitration is requested, or if the two arbitrators shall fail to select a third

arbitrator within 14 days after arbitration is requested, then such arbitrator shall be selected by AAA or its successor upon application of either party. Judgment upon any award of the majority of arbitrators shall be binding and shall be entered in a court of competent jurisdiction. The award of the arbitrators may grant any relief which might be granted by a court of general jurisdiction, including by reason of enumeration, award of damages and/or injunctive relief, but excluding punitive or exemplary damages, and may, in the discretion of the arbitrators, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrators and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrators shall determine.

30.3 Equitable Relief Allowed. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, NOTHING CONTAINED IN THIS AGREEMENT SHALL BAR FRANCHISOR, FRANCHISEE, OR FRANCHISOR'S AFFILIATES' RIGHT AT ANY TIME TO (i) SEEK IN A COURT OF COMPETENT JURISDICTION AND OBTAIN TEMPORARY OR PERMANENT INJUNCTIVE OR OTHER EQUITABLE RELIEF (INCLUDING RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES) UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY AND PERMANENT INJUNCTIONS; OR (ii) ENFORCE IN A COURT OF COMPETENT JURISDICTION A FINAL JUDGMENT OR ARBITRAL AWARD.

30.4 No Class-wide Arbitration. It is the intent of the parties that any arbitration between Franchisor or any of its affiliates and Franchisee or any of its affiliates shall be of any individual claim and that the claim subject to arbitration shall not be arbitrated on a class-wide basis.

31. DELEGATION AND FRANCHISOR'S RELATED PARTIES

31.1 Delegation. Franchisor has the right, in its sole discretion, to delegate the performance of all of (or any portion of) its rights and obligations or liabilities under this Agreement to designees, whether they are its affiliates, agents, or other independent contractors. Despite any such delegation, Franchisor shall remain solely responsible to Franchisee for any of Franchisor's obligations or liabilities under this Agreement.

31.2 Limited Liability for Franchisor's Related Parties. Franchisee hereby acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, Entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor shall have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Franchisor and any Franchisee, or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

32. INDEMNIFICATION

32.1 Indemnification Obligation. Franchisee and its Owners, jointly and severally, agree to defend, indemnify and hold harmless Franchisor and its affiliates, and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, the **"Indemnified Parties"**) from and against all Losses (defined below) which any of the Indemnified Parties may suffer, sustain, or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought, by a third party and directly or indirectly arising out of or relating to: (i) the operation of the Facility, (ii) the business Franchisee conducts under this

Agreement or any other agreement between Franchisee, its affiliates, or its Owners and Franchisor or its affiliates, (iii) Franchisee's, its affiliates', or its Owners' breach of this Agreement or any other agreement with Franchisor or its affiliates, (iv) Franchisee's noncompliance or alleged noncompliance with any law or regulation; (v) any training or continuing education programs provide by Franchisor or its affiliates to Franchisee or its trainees; or (vi) any allegation that Franchisor or another Indemnified Party is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees. **"Losses"** include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include, without limitation, accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution, regardless of whether litigation, arbitration, or alternative dispute resolution is commenced.

32.2 Indemnification Procedure. Franchisor will promptly notify Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice shall not release Franchisee from its indemnification obligations under this Section except to the extent Franchisee is actually and materially prejudiced by such failure. Franchisee shall have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party shall have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to Franchisee and, in the reasonable opinion of the Indemnified Party, Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with Franchisee's interests, (ii) Franchisee does not assume responsibility for such Losses in a timely manner, (iii) the claim involves any elements of the Marks, or (iv) Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party shall have the right to employ counsel of its own choosing and Franchisee shall pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or Franchisee, whichever is not assuming the defense of such claim, shall have the right to participate in such claim and to retain its own counsel at such party's own expense.

32.3 Cooperation and Settlement. Franchisee or the Indemnified Party (as the case may be) shall keep Franchisee or the Indemnified Party (as the case may be) reasonably apprised of, and shall respond to any reasonable requests concerning, the status of the defense of any claim and shall cooperate in good faith with each other with respect to the defense of any such claim. Franchisee shall not, without the prior written consent of the Indemnified Party, (i) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (ii) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by Franchisee. No claim which is being defended in good faith by Franchisee in accordance with the terms of this Section shall be settled by the Indemnified Party without Franchisee's prior written consent.

32.4 Willful Misconduct or Gross Negligence. Franchisee has no obligation to indemnify or hold harmless an Indemnified Party, and Franchisor will reimburse Franchisee for, any Losses

to the extent they are determined in a final, not appealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions. However, nothing in this Section 32.4 limits Franchisee's obligation to defend Franchisor and the other Indemnified Parties under Section 32.1 (Indemnification Obligation).

32.5 Survival and Recovery. Franchisee's obligations in this Section 32 (Indemnification) will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against Franchisor under this Section 32. Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this Section 32.

33. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGEMENTS

33.1 Receipt of Agreement and Disclosure Document. Franchisee acknowledges that it and its Owners have received a copy of this Agreement and the attachments hereto fully completed at least seven calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that Franchisee received the FDD at least 14 calendar days prior to the date on which this Agreement was executed.

33.2 Representation and Warranties.

(a) The information (including all personal and financial information) furnished and to be furnished to Franchisor by or on behalf of Franchisee is as of the date of this Agreement or such other date such information is furnished to Franchisor, as the case may be, true and correct in all material respects and includes all material facts necessary to make such information not misleading in light of the circumstances when made.

(b) Franchisee is organized, validly existing, and in good standing under the laws of its jurisdiction of organization, and has full power and authority to execute, deliver, and perform this Agreement.

(c) This Agreement has been duly authorized and executed by or on behalf of Franchisee and constitutes the valid and binding obligation of Franchisee, enforceable in accordance with its terms, subject to applicable bankruptcy, moratorium, insolvency, receivership, and other similar laws affecting the rights of creditors generally.

(d) Franchisee has made available to Franchisor true, correct, and complete copies of all loan documents, promissory notes, security agreements, and other instruments or documents relating to any direct or indirect indebtedness for borrowed money of Franchisee.

33.3 Acknowledgements in Certain States. The following acknowledgements apply to all franchisees and Facilities, except those that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

(a) Understanding of Agreement and FDD. Franchisee and its Owners represent and acknowledge that they have read and understand this Agreement and the FDD, and that Franchisor has accorded Franchisee and its Owners ample time and opportunity to

consult with advisors of its and their own choosing about the potential benefits and risks of entering into this Agreement.

(b) No Reliance on Contrary Representations. Franchisee and its Owners acknowledge that they have no knowledge of, and are not relying on, any representation, warranty, or guarantee by Franchisor or its officers, directors, shareholders, employees, or agents that is contrary to the statements made in the FDD or to the terms of this Agreement.

(c) Representation by Legal Counsel. Franchisee acknowledges and represents that it and its Owners have retained legal counsel (i) to review with them the FDD and the Exhibits thereto, including this Agreement, and such legal counsel has done so, and (ii) to represent them in connection with the offer and sale of a Primrose® franchise.

(d) No Financial Performance Representations. Franchisee represents that neither Franchisor nor any person acting on its behalf has made any financial performance representations, including any representation, warranty or guaranty, express or implied, as to the revenues, profits, or success of the business venture contemplated by this Agreement, except for representations and agreements made in the FDD and the Exhibits thereto.

(e) No Representations of Success. Franchisee acknowledges that the success of the business venture contemplated to be undertaken by Franchisee by virtue of this Agreement is speculative and depends, to a large extent, upon the ability of Franchisee as an independent businessperson, and Franchisee's active participation in the daily affairs of the business as well as other factors. Franchisor does not make any representation or warranty, express or implied, as to the potential success of the Facility or Franchisee's business.

33.4 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and Facilities that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

33.5 Owners and Affiliated Parties.

(a) Owners' Obligations. Franchisee shall cause all of its Owners to sign and be bound by applicable provisions of this Agreement by signing this Agreement and/or the Guarantee. Owners, by signing this Agreement or the Guarantee, agree, jointly and severally, to be bound by their respective representations, warranties and obligations under this Agreement, including those representations, warranties and obligations set forth in Sections 6 (Proprietary Marks), 8 (Confidential Information), 16 (Franchisee's Covenants), 18 (Rights and Duties of Parties Upon Expiration or Termination), 19 (Transferability of Interest), 21 (Right of First Refusal), 22 (Operation in the Event of Absence, Incapacity or Death), 23 (Independent Contractor), and 32 (Indemnification) of this Agreement. Franchisee shall be responsible for Owners' performance

of, and shall be liable to Franchisor for any breach or violation by Owners of, the above-described provisions.

(b) Ownership by a Trust. If a trust is an Owner of Franchisee, for the avoidance of doubt, the Trustees of such trust shall be deemed to be an Owner under this Agreement and shall carry out all duties and obligations of an Owner. By signing this Agreement and/or the Guarantee, the Trustees represent that they are duly authorized under the terms of the applicable trust to be bound to the terms of this Agreement and carry out all duties and obligations of an Owner hereunder and that doing so will not be violation of any of their duties as trustees of such trust. Unless otherwise agreed by Franchisor, settlors and beneficiaries of any trust, except to the extent they also serve as trustees, shall not be deemed to be an Owner and shall not (i) have any direct, on-site involvement in the operation of the Facility, (ii) attend any training programs related to the operation of the Facility, (iii) communicate directly with customers (unless Primrose consents otherwise in writing) concerning the Facility, or (iv) receive any Confidential Information or Trade Secrets, except for financial information and business plans specifically related to the Facility.

(c) Affiliates' Obligations. To the extent that this Agreement mandates that Franchisee's affiliates (including its Real Estate Affiliate) are obligated to undertake certain actions hereunder (including signing any agreements), Franchisee shall cause all such affiliates to undertake and perform all such actions and Franchisee shall be liable to Franchisor for the failure of any such affiliate to so comply.

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IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the Effective Date.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____

Name: _____

Title: _____

FRANCHISEE:

[INSERT FRANCHISEE NAME]
By: _____

Name: _____

Title: _____

PAYMENT AND PERFORMANCE GUARANTEE

In order to induce Primrose School Franchising SPE, LLC (**"Franchisor"**) to enter into a certain Franchise Agreement by and between Franchisor and _____ ("**Franchisee**") dated _____ (the **"Franchise Agreement"**) to which this Payment and Performance Guarantee (the **"Guarantee"**) is attached, the undersigned (collectively referred to as the **"Guarantors"** and individually referred to as a **"Guarantor"**) hereby covenant and agree as follows:

1. Guarantee of Payment and Performance. The Guarantors jointly and severally unconditionally guarantee to Franchisor and its affiliates the payment and performance when due, whether by acceleration or otherwise, of all obligations, indebtedness, and liabilities of Franchisee or Real Estate Affiliate to Franchisor or its affiliates, direct or indirect, absolute or contingent, of every kind and nature, whether now existing or incurred from time to time hereafter, whether incurred pursuant to the Franchise Agreement or any other agreement between Franchisee or Real Estate Affiliate and Franchisor or its affiliates, together with any extension, renewal, or modification thereof in whole or in part (the **"Guaranteed Liabilities"**). The Guarantors agree that if any of the Guaranteed Liabilities are not so paid or performed by Franchisee when due, the Guarantors will immediately do so. The Guarantors further agree to pay all expenses (including reasonable attorneys' fees) paid or incurred in endeavoring to enforce this Guarantee or the payment of any Guaranteed Liabilities.

2. Waivers by Guarantors.

(a) The Guarantors each waive: (i) all rights to payments and claims for reimbursement or subrogation that any of the Guarantors may have against Franchisee or Real Estate Affiliate arising as a result of the Guarantor's execution of and performance under this Guarantee, for the express purpose that none of the undersigned shall be deemed a "creditor" of Franchisee or Real Estate Affiliate under any applicable bankruptcy law with respect to Franchisee's or Real Estate Affiliate's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee or Real Estate Affiliate for any Guaranteed Liabilities, proceed against or exhaust any security from Franchisee or Real Estate Affiliate, take any action to assist any of the Guarantors in seeking reimbursement or subrogation in connection with this Guarantee or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee or Real Estate Affiliate; (iii) any benefit of, or any right to participate in, any security now or hereafter held by Franchisor; and (iv) all rights to acceptance and notice of acceptance by Franchisor of the Guaranteed Liabilities under this Guarantee, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any of the Guaranteed Liabilities, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any of the Guaranteed Liabilities, and any other notices and legal or equitable defenses to which a Guarantor may be entitled.

(b) Franchisor shall have no present or future duty or obligation to the Guarantors under this Guarantee, and each Guarantor waives any right to claim or assert any such duty or obligation, to discover or disclose to any Guarantor any information, financial or otherwise, concerning Franchisee, Real Estate Affiliate, any other Guarantor, or any collateral securing any Guaranteed Liabilities. Without affecting the obligations of Guarantor under this Guarantee, Franchisor may, without notice to any Guarantor, (a) extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement, any other agreement, or any indebtedness or Guaranteed Liability, (b) settle, adjust, release, or compromise (including if made in or out of court on receivership, liquidation, bankruptcy,

reorganization, arrangement, or assignment for the benefit of creditors) any claims against Franchisee, Real Estate Affiliate, or any Guarantor, (c) make advances for the purpose of performing any Guaranteed Liabilities, or (d) assign the Franchise Agreement or any other agreement or the right to receive any sum payable under the Franchise Agreement or any other agreements, and the Guarantors each hereby jointly and severally waive notice of same.

3. Term. This Guarantee will be irrevocable, absolute, and unconditional and will remain in full force and effect as to each of the Guarantors until such time as all Guaranteed Liabilities of Franchisee or Real Estate Affiliate to Franchisor and its affiliates have been paid and satisfied in full. This Guarantee will be effective regardless of the insolvency of Franchisee or Real Estate Affiliate by operation of law, any reorganization, merger, or consolidation of Franchisee or Real Estate Affiliate, or any change in the ownership of Franchisee or Real Estate Affiliate. The Guarantors expressly acknowledge that the Guaranteed Liabilities survive the expiration or termination of the Franchise Agreement.

4. No Waiver by Franchisor. No delay or failure on the part of Franchisor in the exercise of any right or remedy will operate as a waiver thereof, and no single or partial exercise by Franchisor of any right or remedy will preclude other further exercise of such right or any other right or remedy.

5. Other Covenants. Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, any and all obligations of an "Owner" under the Franchise Agreement, including Section 16 (Franchisee's Covenants) of the Franchise Agreement. Each of the Guarantors agrees to personally comply with, and personally be liable for the breach of, the provisions of Sections 6 (Proprietary Marks), 8 (Confidential Information), 18 (Rights and Duties of Parties Upon Expiration or Termination), 19 (Transferability of Interest), 21 (Right of First Refusal), 22 (Operation in the Event of Absence, Incapacity or Death), 23 (Independent Contractor), 32 (Indemnification), and 33.6 (Owners and Affiliated Parties) of the Franchise Agreement as though each such Guarantor were the "Franchisee" named in the Franchise Agreement. Each of the Guarantors will take any and all actions as may be necessary or appropriate to cause Franchisee or Real Estate Affiliate to comply with the Franchise Agreement or any other agreements and will not take any action that would cause Franchisee or Real Estate Affiliate to be in breach of the Franchise Agreement or any other agreements.

6. Dispute Resolution. Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement are hereby incorporated herein by reference and will be applicable to any all disputes between Franchisor and any of the Guarantors, as though Guarantor were the "Franchisee" referred to in the Franchise Agreement.

7. Miscellaneous. This Agreement will be binding upon the Guarantors and their respective heirs, executors, successors, and assigns, and will inure to the benefit of Franchisor and its successors and assigns. The Guarantors represent and agree that they have each reviewed a copy of the Franchise Agreement and have had the opportunity to consult with counsel to understand the meaning and import of the Franchise Agreement and this Guarantee. To the extent that any provision of this Guarantee would violate any applicable usury statute or any other applicable law, the Guaranteed Liabilities will be reduced to the limit legally permitted, but the Guaranteed Liabilities will be fulfilled to the limit of its legal validity. The cessation of or release from liability of any Guarantor will not relieve any other Guarantor from liability under this Guarantee, the Franchise Agreement, or any other agreement, except to the extent that the default has been remedied or monies owed have been paid.

IN WITNESS WHEREOF, each Guarantor has signed and delivered this Guarantee as of the date stated below Guarantor's signature:

GUARANTORS:

By: _____ By: _____

Name: _____ Name: _____

Address: _____ Address: _____

_____ _____

By: _____ By: _____

Name: _____ Name: _____

Address: _____ Address: _____

_____ _____

EXHIBIT A.1
TO
FRANCHISE AGREEMENT

FRANCHISEE-SPECIFIC INFORMATION

1. **Effective Date:**

2. **Franchisee's Name:**

3. **Franchisee's State of Incorporation or Organization:**

4. **Franchisee's Principal Business Address:**

5. **Ownership of Franchisee:** The following persons constitute all Owners of Franchisee and their percentage ownership interest in Franchisee:

Name	Percentage Ownership
_____	_____%
_____	_____%
_____	_____%
_____	_____%
_____	_____%

6. **Initial Fee (Section 1.4): $**

7. **On-Site Owner (Section 13.6(b)):**

EXHIBIT A.2
TO
FRANCHISE AGREEMENT

[FRANCHISEE ENTITY NAME]
CITY, STATE DEVELOPMENT AREA

The Development Area is set forth on the map attached as Exhibit A.2 and the Development Area shall be within the boundaries described below. Unless otherwise specified below, where streets or roads are used as boundaries for the Development Area, the Development Area shall include only the area which is within a boundary line which is deemed to run continuously inside the interior side of any such streets or roads and shall not include any area which falls on the exterior of such deemed boundary line.

EXHIBIT A.3
TO
FRANCHISE AGREEMENT SITE FOR THE FACILITY

As described in Section 1.1 (Grant of License), the Facility shall be operated at the following site:

_____

Franchisor agrees that, effective on the date specified below, the address listed above is accepted by Franchisor as the site for the Facility.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

EXHIBIT A.4
TO
FRANCHISE AGREEMENT

PRIMROSE SCHOOL OF _____

DESIGNATED AREA

Unless described below on this page of Exhibit A.4, the Designated Area is set forth on the map attached as Exhibit A.4. The Designated Area shall be within the boundaries described below or indicated on the attached map. Unless otherwise specified below, where streets or roads are used as boundaries for the Designated Area, the Designated Area shall include only the area which is within a boundary line which is deemed to run continuously inside the interior side of any such streets or roads and shall not include any area which falls on the exterior of such deemed boundary line.

EXHIBIT B
TO
FRANCHISE AGREEMENT

INTERNET WEBSITES AND LISTINGS AGREEMENT

THIS INTERNET WEBSITES AND LISTINGS AGREEMENT (the **"Internet Listing Agreement"**) is made and entered into as of the _____ day of _____, 20___ (the **"Effective Date"**), by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company (**"Franchisor"**), and _____, _____ (**"Franchisee"**).

W I T N E S S E T H:

WHEREAS, Franchisee desires to enter into a Primrose School Franchising SPE, LLC Franchise Agreement (the **"Franchise Agreement"**); and

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. DEFINITIONS

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, transfer under Section 19.2(b) (By Franchisee) or natural expiration thereof.

2. TRANSFER; APPOINTMENT

2.1. Interest in Internet Websites and Listings. Franchisee may acquire (whether in accordance with or in violation of Section 10.6 (Digital Marketing) of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, social media user names, and access to corresponding Internet websites, and the right to hyperlink to certain websites and listings on various Internet search engines (collectively, the **"Internet Websites and Listings"**) related to the Facility or the Marks (all of which right, title, and interest is referred to herein as **"Franchisee's Interest"**).

2.2. Transfer. On termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately direct all Internet Service Providers, domain name registries, Internet search engines, social media site operators, and other listing agencies (collectively, the **"Internet Companies"**) with which Franchisee has Internet Websites and Listings: (i) to transfer all of Franchisee's Interest in such Internet Websites and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Websites and Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Websites and Listings or will take such other actions with respect to the Internet Websites and Listings as Franchisor directs.

2.3. Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including this Internet Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

(i) Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Websites and Listings to Franchisor;

(ii) Direct the Internet Companies to terminate any or all of the Internet Websites and Listings; and

(iii) Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4. Certification of Termination. Franchisee hereby directs the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5. Cessation of Obligations. After the Internet Companies have duly transferred all Franchisee's Interest in such Internet Websites and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations under, such Internet Websites and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies for the sums Franchisee is obligated to pay such Internet Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

3. MISCELLANEOUS

3.1. Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2. Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee, will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees,

agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Internet Listing Agreement. Further, Franchisee is solely responsible for all claims arising out of Franchisee generated content or user generated content posted on the Internet Websites and Listings before the date Franchisor duly accepted the transfer of Franchisee's Interest. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, demands, or obligations that are related to or are based on claims arising out of Franchisee generated content or user generated content posted on the Internet Websites and Listings before the date Franchisor duly accepted the transfer of Franchisee's Interest.

3.3. No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Internet Websites and Listings.

3.4. Further Assurances. Franchisee agrees that at any time after the date of this Internet Listing Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5. Successors, Assigns, and Affiliates. All of Franchisor's rights and powers, and all Franchisee's obligations, under this Internet Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6. Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7. Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8. Joint and Several Obligations. All Franchisee's obligations under this Internet Listing Agreement shall be joint and several.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT C
TO
FRANCHISE AGREEMENT

OPTION ADDENDUM

This Option Addendum (this "**Option**") is made the _____ day of _____, 20___ ("**Option Date**"), by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a limited liability company formed and operating under the laws of the State of Delaware (hereinafter referred to as "**Franchisor**"), and _____, a _____ (hereinafter referred to as "**Franchisee**").

WITNESSETH:

WHEREAS, Franchisee and Franchisor have signed a Franchise Agreement dated _____, 20___ (the "**Franchise Agreement**") for the development of the Facility under the terms of the Franchise Agreement; and

WHEREAS, Franchisee desires to secure an option for the development and operation of one or more additional Primrose® child care facilities (hereinafter collectively referred to as the "**Additional Facilities**" and singularly as the "**Additional Facility**") in the geographical area set forth in Schedule A to this Option (the "**Option Area**") under the terms of this Option; and

WHEREAS, Franchisor desires to grant such an option to Franchisee; and

WHEREAS, all capitalized terms used but not otherwise defined in this Option shall have the meaning set forth in the Franchise Agreement.

NOW, THEREFORE, the parties agree as follows:

1. Grant of Option. Franchisor hereby grants to Franchisee, and Franchisee hereby accepts, an option to develop and operate an Additional Facility(ies) within the Option Area, subject to the terms and conditions of this Option. Each Additional Facility developed under this Option will operate under a separate franchise agreement and such other documents required by Franchisor to be executed in connection with the development of an Additional Facility (collectively, "**Franchise Documents**"). The Franchise Documents shall include, among other things, (i) Franchisor's then-current franchise agreement at the time when Franchisor delivers the Franchise Documents to Franchisee and (ii) the then-current form of other documents required by Franchisor, at the time when Franchisor delivers the Franchise Documents to Franchisee, to be executed in connection with the development of an Additional Facility. In the event that the Franchise Agreement is terminated, this Option shall also terminate.

2. Initial Franchise Fees for Optioned Additional Facility(ies). The initial franchise fee to be charged and collected by Franchisor in connection with each Additional Facility optioned to Franchisee hereby shall be Franchisor's then-current initial franchise fee (the "**Franchise Fee**"). The Franchise Fee for each Additional Facility shall be payable in accordance with Section 6 below.

3. Option Fee. In consideration for Franchisor's granting the rights under this Option to Franchisee, Franchisee shall pay to Franchisor the sum of $30,000 for each Additional Facility optioned to Franchisee hereby (the "**Option Fee**"), which sum shall be (i) due in full on the

execution of this Option, (ii) applied under the terms of Section 6(c) below to Franchise Fee(s) for the Additional Facility(ies), and (iii) deemed fully earned when paid in consideration of Franchisor's granting such rights. The Option Fee is not refundable in whole or in part.

4. Time Periods. The option to develop and operate an Additional Facility(ies), hereby may be exercised by Franchisee only (i) within the following time period for each Additional Facility (each, an "**Exercise Time Period**"), and (ii) if Franchisee is in compliance with (a) the required opening timeframe for the Facility to be developed under the Franchise Agreement, and (b) the required opening timeframes for all Additional Facilities for which Franchisee has signed Franchise Documents at the time Franchisee exercises such option:

Additional Facility(ies)	"**Exercise Time Period**" **by which Franchisee must exercise option for such Additional Facility**
1	[Within 12 months after the signing the Franchise Agreement]
2	

Franchisee must meet the foregoing requirements in this Section 4 to be eligible to exercise an option. Nothing contained in this Section 4 shall grant, create, or extend the rights granted to Franchisee in Section 1 hereof. The failure to meet any applicable Exercise Time Period for any Additional Facility and/or comply with the opening requirements under the Franchise Agreement and/or any Franchise Documents between Franchisor and Franchisee shall terminate this Option and the option rights under this Option in accordance with Sections 6(b) and 7 below. This Option shall expire upon Franchisor's execution of the Franchise Documents for the last Additional Facility that Franchisee has an option for under this Option.

5. Option Area. The Additional Facility(ies) optioned hereby shall be located within the Option Area. The Additional Facility(ies) may not be located within the designated area(s) of any Primrose® child care facility(ies) operating under the System. Franchisor reserves all rights with respect to the Option Area not expressly granted in this Option. Subject to the terms of this Option, so long as Franchisee is in full compliance with this Option and the Franchise Agreement, Franchisor shall not assign to any other person the right to locate a Primrose® child care facility(ies) within the Option Area until this Option terminates or expires. Notwithstanding anything to the contrary, herein or otherwise:

(a) Franchisor shall have and hereby expressly reserves the right to operate, or franchise or license any other party to operate, a Primrose® child care facility(ies) anywhere outside of the Option Area at any time.

(b) Franchisor or its affiliates may, or may license others to, advertise, promote, market, or sell using the Marks goods or services similar to those provided in a Primrose® child care facility(ies) anywhere, including in the Option Area, via any other channels of distribution, including the Internet, other electronic networks, telemarketing, or catalogs.

(c) Franchisor reserves the right, in its sole discretion from time to time, to adjust the boundaries of the Option Area upon written notice to Franchisee. Once Franchisee has received notification of the change, Franchisee has 14 days to notify Franchisor, in writing, if they would like to accept or decline the modified Option Area. If Franchisee accepts the modified Option Area in writing within the 14-day period, both parties shall execute an amendment to this

Option, which will include the modified Option Area, but no change to, or refund of, the fees paid or payable under this Option. If Franchisee fails to respond to the notice within the 14-day period or declines the modified Option Area, (i) this Option shall be immediately terminated, (ii) Franchisor shall promptly return to Franchisee any Option Fees that Franchisee has already paid for any Additional Facilities for which Franchisee has not yet exercised its option as of the date of termination, and (iii) both parties will execute a termination agreement formalizing the termination and the refund, in addition to Franchisee executing a general release.

6. Exercise of Option. Franchisee shall exercise any option granted hereunder in the following manner:

(a) Prior to the expiration of each Exercise Time Period specified in the table in Section 4 of this Option, Franchisee shall deliver to Franchisor a written notice of exercise the option related to such Exercise Time Period along with all application information required by Franchisor. Franchisee shall be in good standing as a franchisee under the System. Franchisee shall also satisfy the conditions in Section 7 of this Option, as well as satisfy all Franchisor's standard requirements for approval as a new franchisee when Franchisee exercises each option under this Option.

(b) If Franchisee fails to perform any of the acts or fail to deliver the notice required pursuant to Section 6(a) of this Option prior to the expiration of any Exercise Time Period, such failure will be deemed an election by Franchisee not to exercise all of Franchisee's unexercised option rights hereunder, and such failure will cause this Option to terminate and all of Franchisee's unexercised option rights as provided in this Option to terminate and expire, in which event Franchisor will retain all Option Fees paid hereunder as consideration for this Option.

(c) Provided that Franchisee exercises Franchisee's option in the form and manner herein described, Franchisor shall deliver to Franchisee the Franchise Documents for the Additional Facility covered by the option. At least 14 days after receipt of the Franchise Documents for an Additional Facility from Franchisor and no more than 21 days after receipt of the Franchise Documents for an Additional Facility from Franchisor, Franchisee will execute and deliver to Franchisor such Franchise Documents for the applicable Additional Facility and pay Franchisor the Franchise Fee, the initial fees due under Franchisor's Real Estate Development Agreement, and all other fees, due at signing, under the Franchise Documents for the Additional Facility by certified check or bank draft made payable to Franchisor. When Franchisee executes Franchise Documents under the terms of this Option, Franchisor will give Franchisee a $20,000 credit on the Franchise Fee due under such Franchise Documents based on the Option Fee that Franchisee actually paid in connection with obtaining the option for the Additional Facility to be developed under such Franchise Documents; provided, however, such credit shall be subject to a reduction for any amounts owed by Franchisee and/or any of Franchisee's affiliates to Franchisor and/or Franchisor's affiliates. If Franchisee (including such Franchisee's affiliates required by Franchisor to execute Franchise Documents) do not execute any Franchise Documents within the period required under this Section, this Option will immediately terminate and Franchisor may then open or sell franchises for the operation of Primrose® child care facilities within any portion of the original Option Area that is not included in the designated area of an active franchise agreement between Franchisor and Franchisee and/or Franchisee's affiliates. Notwithstanding anything to the contrary and regardless of whether Franchisee is required to provide Franchisee with a franchise disclosure document, Franchisor shall not be required to deliver any Franchise Documents until such time as Franchisor (i) has a current franchise disclosure document and (ii) has complied with any applicable franchise registration requirements.

(d) As to each Additional Facility, and on signing and delivery of the Franchise Documents related to such Additional Facility, Franchisee will be bound by all of the terms, conditions, requirements and duties imposed by such Franchise Documents, which Franchise Documents will govern the parties and preempt this Option with reference to such Additional Facility. Each Additional Facility for which Franchise Documents are signed by Franchisor and Franchisee will be developed, constructed, and opened in accordance with the terms of the Franchise Documents for such Additional Facility.

7. Conditions Precedent. Franchisee's right to exercise its option to develop and operate an Additional Facility(ies) pursuant to this Option is conditioned on Franchisee's fulfillment of each and all of the following conditions precedent:

(a) At the time Franchisee provides a notice to Franchisor to exercise an option, Franchisee shall have fully performed and otherwise be in compliance with all of Franchisee's obligations under the Franchise Agreement and under all other agreements to which Franchisor and/or any of Franchisor's affiliates on the one hand, and Franchisee and/or Franchisee's' affiliates on the other, may be parties.

(b) Franchisee shall not be in default of any provision of any franchise agreements (including all Franchise Documents for all Additional Facilities), amendments thereto or replacement thereof, or any other agreements to which Franchisor and/or any of Franchisor's affiliates on the one hand, and Franchisee and/or any of Franchisee's' affiliates on the other, may be parties, and Franchisee and all of Franchisee's affiliates shall have substantially complied with all the terms and conditions of such agreements during the terms thereof.

If the Franchise Agreement is terminated or expires, then the option herein granted shall be null and void at the time of such termination or expiration.

8. No Franchise Conveyed. Franchisee shall not be deemed for any purpose to be a franchisee of Franchisor with respect to any Additional Facility (ies) optioned hereunder except to the extent that the option herein granted shall have been exercised in the manner provided for herein and valid Franchise Documents with respect to the Additional Facility (ies) optioned has been executed by Franchisor and Franchisee.

9. Termination and Expiration. Upon termination or expiration of this Option, (i) Franchisee will only have the rights granted in the Franchise Agreement (if it has not terminated or expired) and any Franchise Documents that have been executed prior to such termination or expiration (if they have not terminated or expired), and (ii) Franchisor shall have the right to operate, or franchise or license any other party to operate, a Primrose® child care facility(ies) anywhere in the Option Area, subject to any franchise agreement(s) with a designated area in the Option Area.

10. No Transfers. Notwithstanding Section 19 of the Franchise Agreement, this Option and the rights granted under this Option may not be assigned or transferred by Franchisee.

11. Waiver and Delay. No waiver or delay in enforcement of any breach of any term, covenant, or condition of this Option shall be construed as a waiver of any preceding or succeeding breach or delay in enforcement, or any other term, covenants, or conditions of this Option; and, without limitation on any of the foregoing, the acceptance of any payment specified to be paid by Franchisee hereunder shall not be, nor be construed to be, a waiver of any breach of any term, covenant or condition of this Option.

12. Integration of Option. This Option and all ancillary agreements executed contemporaneously herewith, including the Franchise Agreement, constitute the entire, full and complete agreement between Franchisee and Franchisor with respect to the subject matter of this Option and supersede all prior agreements related to the subject matter of this Option and ancillary agreements, if any. Notwithstanding the foregoing, nothing in this Option shall disclaim or require Franchisee to waive reliance on any representation that Franchisor made in the most recent franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to Franchisee or its representative, subject to any agreed-upon changes to the contract terms and conditions described in that franchise disclosure document and reflected in this Option (including any riders or addenda signed at the same time as this Option). If Franchisee and the Facility are not subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin, Franchisee acknowledges that Franchisee is entering into this Option as a result of its own independent investigation of the business and not as a result of any representations by Franchisor that are contrary to the terms set forth in this Option. No amendment, change or variance from this Option shall be binding on either party unless executed in writing by both parties.

13. Miscellaneous. Sections 25 (Notice), 28 (Severability and Construction), 29 (Applicable Law), 30 (Arbitration), and 31 (Delegation and Franchisor's Related Parties) of the Franchise Agreement shall apply with equal force to this Option and are hereby incorporated in this Option by reference.

14. Submission of Option. The submission of this Option does not constitute an offer and this Option shall become effective only on the execution hereof by Franchisor and Franchisee. THIS OPTION SHALL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL FRANCHISOR HAS (I) RECEIVED AND ACCEPTED THE OPTION FEE AND (II) RECEIVED, ACCEPTED AND SIGNED THIS OPTION.

15. Special Reservation of Rights in New Markets. In the event this Option is signed by Franchisee contemporaneously with the signing by Franchisee of a Primrose Franchise Agreement and both the Development Area under the Franchise Agreement and the Option Area under the Option are located in markets within which Franchisor has only recently commenced the sale of franchises for the development and operation of Primrose Facilities or within which there are a limited number of Primrose franchisees, and Franchisor locates an acceptable site within the Option Area that it determines should be developed before Franchisee develops any site within the Development Area, then Franchisor, in its sole discretion, shall have the right to require that Franchisee develop its first Facility in the Option Area and not in the Development Area. In such an event, Franchisor shall notify Franchisee of the acceptable site within the Option Area and Franchisee agrees that (i) the Franchise Agreement will be amended to substitute the Option Area for the Development Area and (ii) this Option will be amended to substitute the Development Area for the Option Area, and Franchisee agrees to sign such amendments (including amendments to the Franchise Agreement) or other documents as Franchisor deems necessary and appropriate to facilitate the foregoing.

IN WITNESS WHEREOF, each of the undersigned has executed this Option as of the Option Date.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

Schedule A
To
Option Addendum

Option Area

The Option Area shall be:_____

EXHIBIT D
TO
FRANCHISE AGREEMENT

State Required Addenda

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee _____ _____to amend and revise said Franchise Agreement as follows:

1. Section 10.6 (Digital Marketing) of the Franchise Agreement is amended by adding the following sentence:

   In all Digital Marketing, Franchisee must comply with all Privacy Requirements and requirements related to security breaches, as specified in Section 13.8(d) (Compliance with Privacy Requirements).

2. Section 13.8(d) (Compliance with Privacy Requirements) of the Franchise Agreement is amended by adding the following sentence:

   "For the avoidance of doubt, Franchisee must abide by the California Consumer Privacy Act, Cal. Civ. Code § 1798.100, et seq., which is one of the applicable Privacy Requirements."

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

(remainder of page intentionally left blank)

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee _____ _____to amend and revise said Franchise Agreement as follows:

1. Illinois law governs the Franchise Agreement.

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

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

4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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

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

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

INDIANA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee, _____ _____to amend and revise said Franchise Agreement as follows:

1 Section 2.2(g) (Successor Terms) and Section 19.2(b)(i)(h) (Control Transfer to a New Party) each contains a prospective general release of claims against Franchisor. Such provision is inapplicable under the Indiana Deceptive Franchise Practices Law, IC 23-2-2.7 §1(5).

2. Pursuant to Section 32 (Indemnification), Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee's reliance upon or use of procedures or products which were required by Franchisor, if such procedures were utilized by Franchisee in the manner required by Franchisor.

3. Section 30.1 (Arbitration) is amended to provide that arbitration between Franchisor and Franchisee shall be conducted at a mutually agreed upon location.

4. Section 29.1 (Place of Execution and Governing Law) is amended to provide that in the event of a conflict of law, the Indiana Franchise Disclosure Law, I.C. 23-2-2.5, and the Indiana Deceptive Franchise Practices Law, I.C. 23-2-2.7, will prevail.

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

[Signature Page Follows]

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee, _____ _____to amend and revise said Franchise Agreement as follows:

1. Section 2.2(g) (Successor Terms) of the Agreement will be deleted in its entirety and will have no force or effect, and the following will be substituted in lieu thereof:

   "(g) Franchisee will execute a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and any of its subsidiaries and affiliates, and Franchisor's and any of its subsidiaries' and affiliates' respective officers, directors, shareholders, agents, and employees, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14-233);"

2. Section 19.2(b)(i)(h) (Control Transfer to a New Party) of the Agreement will be deleted in its entirety and will have no force or effect, and the following will be substituted in lieu thereof:

   "(g) Franchisee and Owner, prior to the transfer, shall execute a termination agreement (in a form prescribed by Franchisor) as well as a general release (in a form prescribed by Franchisor) of any and all claims against Franchisor and Franchisor's subsidiaries and affiliates, and Franchisor's and any of its subsidiaries' and affiliates' respective officers, directors, shareholders, agents, and employees, in their corporate and individual capacities, excluding only such claims as Franchisee may have under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14-233);"

3. Section 29.1 (Place of Execution and Governing Law) of the Agreement is amended by the addition of the following to the end of the paragraph therein:

   "Any provision which provides for termination upon bankruptcy of the franchise may not be enforceable under federal bankruptcy law (11. U.S.C. Section 101 et. seq.)."

4. Section 29.2 (Court Actions) of the Agreement, which designated jurisdiction or venue in a forum outside the state of Maryland, is void with respect to any cause of action which is otherwise enforceable in Maryland.

5. Section 29.2 (Court Actions) of the Agreement will be supplemented by the addition of the following to the end of the paragraph therein:

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

6. Section 33 (Representations, Warranties and Acknowledgements) of the Agreement will be supplemented by the following Section 33.6.:

"33.6. No Release. The abovementioned acknowledgments will not be construed as a waiver or release by Franchisee of any claims arising under the Maryland Franchise Registration and Disclosure Law (Md. Code Bus. Reg., 14-201 through 14233)."

7. The provisions of this Addendum only apply if the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this Addendum.

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

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

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

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

[Signature Page Follows]

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee,_____ _____to amend and revise said Franchise Agreement as follows:

1. Section 2.2(g) (Successor Terms) of the Franchise Agreement is hereby modified by the addition of the following sentence to the end of the paragraph therein:

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

2. Sections 2.3 (Required Notice) and 17 (Default and Termination) of the Franchise Agreement are amended to provide that Franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

3. Section 6.4 (Infringement) of the Franchise Agreement is hereby modified by the addition of the following to the last sentence thereof:

   "Minnesota Law (Minn. Stat. § 80C.12, Subd. 1(g)) requires Franchisor to protect Franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Section 19.2(b)(i)(h) (Control Transfer to a New Party) of the Franchise Agreement is hereby modified by the addition of the following to the end of the paragraph therein:

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

5. Section 29 (Applicable Law) of the Franchise Agreement which designates jurisdiction or venue in a forum outside the state of Minnesota is deleted. Minn. Stat. § 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Agreement can abrogate or reduce (i) any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or (ii) Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

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

"According to Minnesota law, Franchisee cannot waive any rights under the Minnesota Franchises Law. As provided in Minn. Rules 2860.4400J, Franchisee cannot consent to Primrose Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief. In addition, any limitations of claims must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

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

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

NORTH DAKOTA ADDENDUM
TO THE
FRANCHISE AGREEMENT AND REAL ESTATE DEVELOPMENT AGREEMENT

This Addendum to the Franchise Agreement and Real Estate Development Agreement for franchises offered and sold in the State of North Dakota or to North Dakota residents is agreed to this _____day of _____, 20____, between Primrose School Franchising SPE, LLC ("**we**" or "**us**"), _____ ("**Franchisee**"), and, if applicable, _____ ("**Real Estate Affiliate**"). Franchisee and Real Estate Affiliate are collectively referred to as "**you**."

We and Franchisee are parties to a Franchise Agreement dated _____ (the "**Franchise Agreement**"). If applicable, we and Real Estate Affiliate are parties to a Real Estate Development Agreement dated _____(the "**REDA**").

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code §§ 51-19-01 through 51-19-17 (the "**ND Law**"), and the policies of the office of the State of North Dakota Securities Commission, the Franchise Agreement and REDA is amended to include the following:

1. **Grant of Successor Term**. You are not required to sign a general release upon renewal of the Franchise Agreement.

2. **Post-Term Competitive Restrictions**. Covenants not to compete are generally unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

3. **Jurisdiction**. Any actions permitted to be brought under the Franchise Agreement or REDA in any court may be brought only in the courts of North Dakota, unless the parties mutually agree to another forum.

4. **Situs of Arbitration Proceedings**. Any disputes or claims that must be arbitrated under the Franchise Agreement or REDA shall be arbitrated or mediated at a location that is mutually agreeable to all parties and that is not remote from your place of business.

5. **Waiver of Punitive Damages and Jury Trial**. To the extent required by the ND Law, you are not required to consent to a waiver of exemplary and punitive damages or consent to a waiver of trial by jury.

6. **Limitation of Claims**. The statute of limitations under the ND Law will apply to all claims or actions arising under ND Law.

7. **Governing Law**. The Franchise Agreement and REDA will be governed by North Dakota law.

8. **Liquidated Damages and Termination Penalties**. You are not required to consent to liquidated damages and termination penalties.

To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of the Franchise Agreement or REDA, the terms of this Addendum shall govern.

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

REAL ESTATE AFFILIATE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

This Addendum to the Franchise Agreement is agreed to this _____day of _____, 20____, between Primrose School Franchising SPE, LLC and Franchisee, _____ _____to amend and revise said Franchise Agreement as follows:

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

2. RCW 19.100.180 may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

3. 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. A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

7. 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.

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

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT E
TO
FRANCHISE AGREEMENT

AMENDMENT TO FRANCHISE AGREEMENT
(Build To Suit Program)

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into this _____day of _____, 20___, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and _____ (**"Franchisee"**).

RECITALS:

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, 20___(the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____ .

B. In connection with Franchisee's development of its Facility, Franchisee has decided to use a third party developer approved by Franchisor to develop the premises currently owned by the developer or soon to be purchased by the developer and to lease the premises to Franchisee, all consistent with Franchisor's Build to Suit Program and in order to facilitate Franchisee's participation in the Build to Suit Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect.** Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

(a) Entire Agreement. This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

(b) Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(c) Successors and Assigns. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(d) Severability. If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

(e) Litigation. Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT A
TO
AMENDMENT TO FRANCHISE AGREEMENT
(Build To Suit Program)

New Section 3 to the Franchise Agreement

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements shall be owned by a third party unaffiliated with Franchisee ("**Developer**").

3.2 Approval of Developer. Since Franchisee intends to lease the Facility directly from the Developer (whether or not the Developer is also the general contractor for the construction of the Facility), such Developer must be approved by Franchisor in advance in writing. Additionally, the site for the Facility shall be selected, accepted, and developed in accordance with the provisions of this Section 3 (The Facility).

3.3 Development Obligations of Franchisee. Franchisor hereby agrees that Franchisee may develop the site without executing the Real Estate Development Agreement. Accordingly, Franchisee will accept, acquire and develop the site in accordance with the provisions of this Section 3 (The Facility). Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

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

(b) Acceptance of Site. Upon Franchisor's review of the SLA prepared by Franchisee, Franchisor may accept or reject the proposed site in writing in its sole discretion. If accepted by Franchisor, Franchisor will insert the address of the site into Exhibit A.3 or otherwise confirm the accepted site in writing. If for any reason a proposed site is not accepted by Franchisor, then Franchisee shall seek a substitute site within the Development Area for acceptance by Franchisor. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site is to merely

determine whether the site meets Franchisor's criteria, (iii) Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose franchise at the site, and Franchisor's acceptance of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind, and (iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site.

(c) Purchase Agreement. Intentionally deleted.

(d) Site Development Services. Under this Agreement, Franchisor will have no responsibilities whatsoever with the site, acquisition of the site by the Developer, or improvements constructed on the site.

(e) National Architects and Development Consultants. Franchisee may elect to engage architects of its choice, at its expense, provided that Franchisee first obtains Franchisor's written acceptance of such architects. Franchisor's acceptance of Franchisee's architects will not in any way be Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance. Franchisee acknowledges that Franchisor has the right to designate one or more architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**") and any structural engineers, civil engineers, and other development consultants to monitor and advise Franchisor with respect to Franchisee's or Developer's design, planning and construction of the Facility. The National Architects shall have the right, in their sole discretion, among other things, to: (i) approve or disapprove the final design of the Facility created by Franchisee's architects for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (ii) approve or disapprove all proposed change orders requested by Franchisee's architects; and (iii) provide other architectural consulting services to Franchisee or its architects as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisor may require Franchisee to pay the National Architects, or pay Franchisor for Franchisor to pay the National Architects, (i) a fee of $8,000 for the release of prototype plans to Franchisee and (ii) a fee of $2,500 to review Franchisee's proposed plans, including subsequent change orders. Franchisee and its architects must comply with any requests by the National Architects. Franchisee shall cause its architects, engineers, construction manager, other development consultants and contractors to cooperate with such reviews and approvals and to provide Franchisor and the National Architects with such information as may be reasonably requested from time to time in furtherance thereof. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. In addition, Franchisee shall be responsible for paying any fees or expenses incurred by the architects that Franchisee selects.

(f) Construction Manager. If the Developer is not managing the construction of the Facility, prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (i) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (ii) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (iii) provide consulting services to Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager for the Facility or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's

construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance.

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

(g) General Contractor. If the Developer is not the general contractor for the construction of the Facility, Franchisee must engage, at its expense, a licensed and insured general contractor to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance.

(h) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Franchisee to be unfeasible for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. Prior to entering into the lease with Developer for the real property and improvements, Franchisee and Developer shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's discussions with Developer and lender.

(b) Lease or Sublease for Facility. Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility. The form of any lease for the Facility's real property and improvements, or any renewal thereof, shall be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee or an affiliate an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee or such affiliate does not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that no such Franchisee exercises such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in Section 3.4(a) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement)

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(iv) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("Liquidated Damages"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) ensure that the Developer obtains all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) ensure that it or the Developer completes the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) ensure that the Developer obtains all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise ensure that the Developer completes development of and has the Facility ready to operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Buildout Plans. All plans and specifications for the buildout of the Facility and modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under

this Section 3.8 other than to review the buildout plans and specifications (and any such modifications) submitted to it by Franchisee. All copies of buildout plans and specifications are the sole and absolute property of Franchisor, even if prepared by Franchisee or the Developer, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If Developer should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Developer enter into an agreement whereby the Developer will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by an approved Developer, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor approves a substitute site pursuant to Section 3.3(h) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor its Development Expenses before commencing construction of the Facility. However, anytime the approved Developer has not reimbursed Franchisor, Franchisor may require Franchisee to immediately pay Franchisor the accrued Development Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor. Franchisor also may require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Franchisee may purchase or lease original and replacement signs and decorating materials meeting such specifications from any source, provided that prior to obtaining any such sign Franchisor has approved the use of the Marks and the source in writing. If Franchisee proposes to purchase or lease any signs or decorating materials that have not already been approved by Franchisor as meeting its specifications, Franchisee shall first notify Franchisor and Franchisor may require samples to determine whether such signs or decorating materials meet its specifications. Franchisor shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by Franchisor. Franchisor shall advise Franchisee within a reasonable time whether such sign or decorating materials meet its specifications.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or

refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand the entire costs thereof plus any additional expenses incurred by Franchisor to implement such changes.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party (collectively, the **"Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

3.16 Additional Reporting Requirements. During the site identification and site acquisition process until the Site is acquired, if required by Franchisor, Franchisee shall provide Franchisor with monthly written updates on the status of its site identification and acquisition efforts in a form prescribed by Franchisor.

EXHIBIT F
TO
FRANCHISE AGREEMENT

AMENDMENT TO FRANCHISE AGREEMENT
(Permanent Lease Program)

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into this _____day of _____, 20___, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and _____ (**"Franchisee"**).

RECITALS:

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, 20___(the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____ .

B. In connection with Franchisee's development of its Facility, Franchisee has decided to develop premises leased from an independent third party under Franchisor's Permanent Lease Program and in order to facilitate Franchisee's participation in the Permanent Lease Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect**. Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

(a) Entire Agreement. This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

(b) Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(c) **Successors and Assigns**. Except as otherwise herein provided, this Amendment is **binding** upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(d) **Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

(e) **Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT A
TO
AMENDMENT TO FRANCHISE AGREEMENT
(Permanent Lease Program)

New Section 3 to the Franchise Agreement

3.1 Real Property Ownership. Unless Franchisor agrees otherwise in writing, Franchisee shall not own the real property and improvements included in the Facility. Such real property or improvements shall be owned by a third party not affiliated with Franchisee (the **"Property Owner"**).

3.2 Approval of Property Owner. Since Franchisee intends to lease the Facility from the Property Owner, such Property Owner must be approved by Franchisor in advance in writing. Additionally, the site for the Facility shall be selected, accepted, and developed in accordance with the provisions of this Section 3 (The Facility).

3.3 Development Obligations of Franchisee. Franchisee shall pay to Franchisor the sum of $70,000 (the "**Real Estate Fee**"), which shall be in addition to and independent of any and all other financial obligations of Franchisee under this Agreement (including Expenses). Franchisee shall pay to Franchisor $25,000 of the Real Estate Fee on the Effective Date and the remaining $45,000 upon the soft cost closing. However, if Franchisee (i) executes a construction contract for construction of the Facility within eight weeks after Franchisor provides written notice that Franchisor is beginning to solicit construction bids and (ii) obtains acquisition, construction and permanent equity and debt financing for development of the Facility on terms reasonably satisfactory to Franchisor within 45 days after Franchisor provides written notice requesting that Franchisee begin the process of securing such financing, the balance of the Real Estate Fees will be reduced to $30,000.

(a) Identification of Site. Franchisor will seek, evaluate, and review potential sites within the Development Area for the location of a System Facility. Upon identification of a possible site, Franchisor will provide to Franchisee a preliminary analysis outlining basic information about the proposed site. Franchisee shall notify Franchisor within 10 days of its receipt of a site support letter from Primrose (a "**Site Support Letter**") whether it would like Franchisor to move forward with a more in-depth review of the site. Such evaluation and review by Franchisor will include, as appropriate, the preparation of a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, and (v) information relative to the community within which the site is located.

(b) Acceptance of Site. Upon Franchisor determining that the site is acceptable to Franchisor after preparation of SLA, the site will then be submitted to Franchisee for its final acceptance or rejection in writing. If accepted by Franchisee, Franchisor will insert the address of the site into Exhibit A.3 or otherwise confirm the accepted site in writing. If for any reason a proposed site is not accepted by Franchisee, then Franchisor will seek a substitute site within the Development Area for acceptance by Franchisee. It is specifically acknowledged by Franchisee that it shall not be the responsibility of Franchisor to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, but the obligation of Franchisor is to merely determine whether the site meets Franchisor's criteria for Primrose schools. **Franchisee acknowledges and agrees that Franchisor's acceptance of a proposed site shall not**

constitute a warranty or representation of any kind as to the potential success or profitability of a Primrose franchise. Franchisor makes no representations, warranties or guarantees to Franchisee relating to the site.

(c) Purchase Agreement. Intentionally deleted.

(d) Site Development Services. Under this Agreement, Franchisor will have no responsibilities whatsoever with the site, acquisition of the site by the Property Owner or improvements constructed on the site.

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

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

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

(i) Franchisor has the right to designate a construction manager for the Facility or, if Franchisor does not designate a construction manager, Franchisee's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance

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

(h) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance.

(i) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Franchisee to be unfeasible for the development of a Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility within the Development Area, unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. Prior to entering into the lease with Property Owner for the real property and improvements, Franchisee and Property Owner shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's discussions with Property Owner and lender.

(b) Lease or Sublease for Facility. Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility. The form of any lease for the Facility's real property and improvements, or any renewal thereof, shall be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and

which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) upon Property Owner's approval, a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement; and

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus, unless Franchisor consents otherwise in writing, options to extend the term of the lease for two additional 10 year periods.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal and guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement, which may be modified as Franchisor deems appropriate to conform to state and local laws and practices.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in Section 3.4(a) (Required Agreements) and in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third-party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement)

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(v) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if

the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval

by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor as well as cause to ensure that all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies are obtained; (ii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iii) cause to ensure that the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility are completed in full and in strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (iv) cause to ensure that the all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services are obtained by Franchisee; (v) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vi) otherwise ensure that the Facility is completed and is ready to operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Buildout Plans. All plans and specifications for the buildout of the Facility and modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review the buildout plans and specifications (and any such modifications) submitted to it by Franchisee. All copies of buildout plans and specifications are the sole and absolute property of Franchisor, even if prepared by Franchisee or the Developer, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If Property Owner should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Property Owner enter into an agreement whereby the Property Owner will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. To the extent the site development expenses are not reimbursed by an approved Property Owner, if any, Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisee approves any submitted proposal or plan. If Franchisor agrees to locate a substitute site pursuant to Section 3.3(i) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor its Development Expenses at Closing. However, Franchisor may require Franchisee to immediately pay Franchisor the accrued Development Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor. Franchisor may also have the right to require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Franchisee may purchase or lease original and replacement signs and decorating materials meeting such specifications from any source, provided that prior to obtaining any such sign Franchisor has approved the use of the Marks and the source in writing. If Franchisee proposes to purchase or lease any signs or decorating materials that have not already been approved by Franchisor as meeting its specifications, Franchisee shall first notify Franchisor and Franchisor may require samples to determine whether such signs or decorating materials meet its specifications. Franchisor shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by Franchisor. Franchisor shall advise Franchisee within a reasonable time whether such sign or decorating materials meet its specifications.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by

Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "Security Agreement"). Any event of default by Franchisee under this Agreement or Franchisee under any other agreement between Franchisee and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand the entire costs thereof plus any additional expenses incurred by Franchisor to implement such changes.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its

affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party.

EXHIBIT G
TO
FRANCHISE AGREEMENT

AMENDMENT TO FRANCHISE AGREEMENT
(Independent Development Program)

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into this _____day of _____, 20___, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and _____(**"Franchisee"**).

RECITALS:

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, 20___(the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____ .

B. In connection with Franchisee's development of its Facility, Franchisee has decided to develop premises under Franchisor's Independent Development Program and in order to facilitate Franchisee's participation in the Independent Development Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the acquisition of the real estate on which the Facility will be built, the construction of the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

3. **Franchise Agreement Otherwise in Full Force and Effect**. Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

4. **Miscellaneous.**

(a) Entire Agreement. This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

(b) Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(c) **Successors and Assigns**. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(d) **Severability.** If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

(e) **Litigation.** Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT A
TO
AMENDMENT TO FRANCHISE AGREEMENT
(Independent Development Program)

New Section 3 to the Franchise Agreement

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

3.2 Development by Real Estate Affiliate or Developer. Intentionally deleted.

3.3 Development Obligations of Franchisee. Franchisor hereby agrees that Franchisee may develop the site without executing the Real Estate Development Agreement. Accordingly, Franchisee will accept, acquire and develop the site in accordance with the provisions of this Section 3 (The Facility). Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

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

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

(iv) Franchisor's acceptance of the site does not guarantee that a Facility will be developed on the site.

(c) Purchase Agreement. Franchisee may not purchase any other site for the Facility other than the site that Franchisor has approved.

(d) Site Development Services. Upon execution of a purchase agreement associated with a site, Franchisee, at its expense, will perform the following acts in regard to such site.

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

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

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

(iv) Provide Franchisor's current form of Subordination Agreement (the "**Subordination Agreement**") (which may be modified as Franchisor deems appropriate to conform to state and local laws and practices) to Franchisee's lender at the commencement of Franchisee's discussions with such lender and which the lender must execute pursuant to Section 3.5;

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

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

(vii) Coordinate all necessary closing documents with its lender in regard to the closing of the purchase agreement between the seller of the site (the **"Seller"**) and itself for the purchase of such site (the **"Closing"**). Franchisor shall have no responsibility for the Closing or liability for the failure of the Closing to occur for any reason; and

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

(e) National Architects. Franchisee may elect to engage architects of its choice, at its expense, provided that Franchisee first obtains Franchisor's written acceptance of such architects. Franchisor's acceptance of Franchisee's architects will not in any way be Franchisor's endorsement of such architects or render Franchisor liable for such architect's performance. Franchisee acknowledges that Franchisor has the right to designate one or more

architects to develop prototype plans for all facilities in the system and to review any adaptations of such plans for the Facility (the "**National Architects**"). The National Architects shall have the right, in its sole discretion, among other things, to: (i) approve or disapprove the final design of the Facility created by Franchisee's architects for the purpose of ensuring that the Facility is in compliance with Franchisor's then-current requirements and specifications; (ii) approve or disapprove all proposed change orders requested by Franchisee's architects; and (iii) provide other architectural consulting services to Franchisee or its architects as Franchisor may deem to be necessary or appropriate relating to construction of the Facility. Franchisor may require Franchisee to pay the National Architects, or pay Franchisor for Franchisor to pay the National Architects, (i) a fee of $8,000 for the release of prototype plans to Franchisee and (ii) a fee of $2,500 to review Franchisee's proposed plans, including subsequent change orders. Franchisee and its architects must comply with any requests by the National Architects. Franchisee shall be responsible for paying the National Architects for any fees or expenses that the National Architects incur related to the Facility. In addition, Franchisee shall be responsible for paying any fees or expenses incurred by the architects that Franchisee selects.

(f) Construction Manager. Prior to selecting a general contractor, Franchisee must engage, at its expense, the services of a qualified construction manager to (i) manage Franchisee's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (ii) assist in the selection of, and coordinate with, Franchisee's general contractor and subcontractors; and (iii) provide consulting services to Franchisee as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(g) General Contractor. Franchisee must engage, at its expense, a licensed and insured general contractor to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Franchisee's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance.

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

(i) Franchisee must have provided Franchisor with a loan commitment letter in a form and substance reasonably satisfactory to Franchisor;

(ii) Franchisee must have obtained construction and permanent financing for development of the Facility on terms reasonably satisfactory to Franchisor (**"Construction/Permanent Financing"**);

(iii) Franchisee must have entered into a construction contract (**"Construction Contract"**) for construction of the Facility;

(iv) Franchisee must have paid the balance of the Initial Training Fee and any Additional Expenses owed to Franchisor; and

(v) The Closing must take place under the purchase agreement and any agreements related to the Construction/Permanent Financing. Immediately thereafter,

Franchisee agrees to take all appropriate actions to initiate immediate construction of the Facility pursuant to Section 3.8.

(i) Substitution of the Site. If at any time any site that has been located by Franchisee and approved by Franchisor is determined to be unfeasible by Franchisor or Franchisee for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or may agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility, within the Development Area unless otherwise agreed by the parties hereto.

3.4 Lease of Real Property and Improvements.

(a) Required Agreements. Unless Franchisor agrees otherwise in writing, a lease is required for the Facility. If Franchisee leases such real property and improvements from a lessor other than Franchisor then, prior to entering into such lease, Franchisee and such lessor shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current forms of Subordination Agreement. Franchisee shall provide the potential lessor and any such lender with all of such documents at the commencement of Franchisee's or Real Estate Affiliate's discussions with such potential lessor and lender.

(b) Lease or Sublease from Parties Other than Franchisor. Except where Franchisee leases the real property and improvements included in the Facility from Franchisor, (i) Franchisee must engage, at its expense, a commercial real estate attorney to assist with the negotiation and execution of the lease for the Facility and (ii) the form of any lease for such real property and improvements, or any renewal thereof, shall be approved in writing by Franchisor or its agent before the execution of such lease or renewal. Franchisee must obtain Franchisor's approval for the lease and execute the lease within 60 days after the site is accepted by Franchisor. Franchisor's approval of the lease or renewal shall be conditioned upon the prior execution of the agreements described above in this Section 3.4 and the inclusion in the lease or renewal of such provisions as Franchisor may reasonably require, including the following:

(i) a provision which expressly permits the lessor of the premises to provide Franchisor all revenue information and other information it may have related to the operation of the Facility, as Franchisor may request;

(ii) a provision which requires the lessor concurrently to provide Franchisor with a copy of any written notice of deficiency under the lease sent to Franchisee and which grants to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within 15 days after the expiration of the period in which Franchisee may cure the default;

(iii) a provision which evidences the right of Franchisee to display the Marks in accordance with the specifications required by the Confidential Manuals, subject only to the provisions of applicable law;

(iv) a provision that the site shall be used only for the operation of a System Facility;

(v) a provision which expressly states that any default under the lease shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the lease;

(vi) a lease term which is at least equal to the Operating Term of this Agreement, plus options to extend the term of the lease for two additional ten-year periods;

(vii) lease and economic terms that Franchisor concludes, in its sole discretion, are commercially reasonable, consistent with market rates and industry standards, and will not adversely affect the operation of the Facility;

(viii) a provision that the lessor grants: (a) Franchisee or its affiliates an option to purchase the site on which the Facility is located at the end of the lease term; and (b) in the event that Franchisee or its affiliates do not exercise such right, an identical right to Franchisor; and

(ix) a provision that the lessor shall grant Franchisee or its affiliates: (a) a right of first refusal to purchase the site on which the Facility is located in the event that lessor desires to sell, transfer or convey the site; and (b) in the event that no such Franchisee or its affiliates exercise such right, an identical right to Franchisor.

(c) Franchisor's Review of Leases. Franchisor's review of any leases and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any lease, renewal, or guarantee, and in preparing and discussing any of the agreements described above in this Section 3.4. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for lease consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that: Franchisee has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any part of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement.

The form of any loan agreement with and/or mortgage in favor of any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such documents shall be conditioned upon the prior execution of the agreements described above in this Section 3.5 and the inclusion in the documents mentioned in the preceding paragraph of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender or mortgagee concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan or mortgage sent to Franchisee, any affiliate, or an unrelated third party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan or mortgage should Franchisee, its affiliate, or an unrelated third party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan or mortgage shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan or mortgage.

Franchisor's review of the loan and related documents is (i) for its own benefit only, (ii) is not intended to supplement or replace a review by Franchisee's attorney, and (iii) does not constitute an assurance, representation or warranty as to any matter, including (x) the business or economic terms of the transaction, (y) the potential profitability of a Facility at that site, or (z) matters of title with respect to the site. Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement, mortgage and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's obligations under the loan or mortgage pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination Right. Franchisor may, in its sole discretion, terminate this Agreement upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee a site within the Development Area which meets Franchisor's criteria for acceptable sites for Facilities and Franchisee rejects such site, provided that, if the rejected site would be a conversion of a school that is already operating under a different brand at the time of acquisition (a "**Conversion Site**"), Franchisor shall give Franchisee the option of either (x) terminating the Agreement or (y) amending Exhibit A.2 to include a revised Development Area;

(ii) A site has not been accepted by Franchisor at a point in time that would enable the Facility to begin operations not later than 20 months after the execution of this Agreement (if a site is identified but not accepted prior to execution of this Agreement) or not later than 36 months after the execution of this Agreement (if a site is not identified prior to execution of this Agreement)

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisee will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected and that has been accepted, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(v) Franchisee requests the termination of the Agreement prior to opening for any reason (other than because it is rejecting a proposed Conversion Site).

(b) Termination Procedure. If Franchisor terminates the Agreement pursuant to this Section 3.6 (Failure to Locate or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to Franchisee's attempts to locate a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs because of Franchisee's request under Section 3.6(a)(v) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(ii) Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing site evaluation and selection activities, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to find other potential franchisees for the Development Area. Franchisee shall not be obligated to pay Liquidated Damages if the termination occurs because Franchisee rejects a Conversion Site under Section 3.6(a)(i).

(iii) Franchisor may deduct the Liquidated Damages in 3.6(b)(ii) from the refund described in 3.6(b)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor, provided that such a site can be identified, secured, and developed in accordance with this Section 3 (The Facility). If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to Franchisor in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation

shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, as well as any other fees or expenses that would be charged to a franchisee developing a new Facility.

3.8 Construction of Facility.

(a) Franchisee Responsibilities. Franchisee agrees that promptly after locating the site for the Facility, Franchisee will: (i) cause to be prepared, and submit for approval by Franchisor, the National Architects, or Franchisor's designee, a site survey and any modifications to Franchisor's basic architectural plans and specifications (not for construction) for a System Facility (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of the Facility at the site, provided that Franchisor's basic plans and specifications may be modified only to the extent required to comply with all applicable ordinances, building codes and permit requirements, and only with prior notification to and written approval by Franchisor; (ii) ensure that Franchisee obtains all required zoning changes, all required building, utility, health, sanitation and sign permits and licenses, and any other required permits and licenses, including those permits and licenses required by state child care agencies; (iii) purchase or lease equipment, fixtures, furniture, and signs as provided herein; (iv) ensure that it completes the construction and/or remodeling, equipment, fixture, furniture and sign installation and decorating of the Facility, in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; (v) ensure that it obtains all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services; (vi) supply to Franchisor on a weekly basis, in a form approved by Franchisor, a progress update regarding the development of the Facility; and (vii) otherwise ensure that it completes development of and has the Facility ready to open and operate its business in accordance with Section 13 (Standards of Quality and Performance).

(b) Architectural Plans. All architectural plans and specifications and all modifications thereto must receive Franchisor's written approval before any construction may begin. Notwithstanding anything else to the contrary, Franchisor shall have no obligation under this Section 3.8 other than to review all architectural plans and modifications submitted to it by Franchisee. All copies of architectural plans and specifications of the Facility are the sole and absolute property of Franchisor, and Franchisee agrees to submit all copies to Franchisor upon written request.

(c) Inspection of Construction. Franchisor will require inspection of the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's specifications. Such inspection(s) will be provided by Franchisor, National Architects, or Franchisor's designees. Any deficiencies shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(d) No Other Responsibilities. Franchisee acknowledges that, except as explicitly provided in this Agreement, Franchisor has (i) no responsibilities whatsoever in regard to obtaining a contractor for construction of the Facility, (ii) no responsibilities in regard to negotiating any construction contract entered into by Franchisee and its contractor, and (iii) no responsibility for providing any services on behalf of Franchisee in regard to the construction process, other than solely to determine whether the Facility is in compliance with Franchisor's requirements.

(e) Right of First Refusal. If the contractor who is chosen to build the Facility owns the site on which the Facility will be located, prior to approving any architectural plans and specifications submitted by Franchisee, Franchisor may require that the contractor enter into an agreement whereby the contractor shall offer Franchisor an option to purchase the site and Facility on the same terms and conditions as it would be purchased by Franchisee or its affiliate, in the event that the sale of the site and Facility to Franchisee or its affiliate should not be consummated for whatever reason.

3.9 Site Development Expenses. Franchisee will bear all costs related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for architectural fees, legal fees, travel expenses, or any and all other fees in regard to the identification, investigation, review, and acceptance process and for services rendered on the site, regardless of whether or not Franchisee builds or leases the Facility on such site or whether or not Franchisor approves any submitted proposal or plan. If Franchisor approves a substitute site pursuant to Section 3.3(i) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Franchisee may purchase or lease original and replacement signs and decorating materials meeting such specifications from any source, provided that prior to obtaining any such sign Franchisor has approved the use of the Marks and the source in writing. If Franchisee proposes to purchase or lease any signs or decorating materials that have not already been approved by Franchisor as meeting its specifications, Franchisee shall first notify Franchisor and Franchisor may require samples to determine whether such signs or decorating materials meet its specifications. Franchisor shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by Franchisor. Franchisor shall advise Franchisee within a reasonable time whether such sign or decorating materials meet its specifications.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee under any other agreement between Franchisee and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand the entire costs thereof plus any additional expenses incurred by Franchisor to implement such changes.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility) and 3.8 (Construction of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party (collectively,

the “**Additional Expenses**”). The Facility may not open until all Additional Expenses have been paid.

3.16 Additional Reporting Requirements. During the site identification and site acquisition process until the Site is acquired, Franchisee shall provide Franchisor with monthly written updates on the status of its site identification and acquisition efforts in a form prescribed by Franchisor.

EXHIBIT H
TO
FRANCHISE AGREEMENT

AMENDMENT TO FRANCHISE AGREEMENT
(Site First Program)

THIS AMENDMENT TO THE PRIMROSE SCHOOL FRANCHISING SPE, LLC FRANCHISE AGREEMENT (**"Amendment"**) is made and entered into this _____day of _____, 20___, by and among PRIMROSE SCHOOL FRANCHISING SPE, LLC (**"Franchisor"**) and _____ (**"Franchisee"**).

RECITALS:

A. Franchisor and Franchisee entered into a certain Primrose School Franchising SPE, LLC Franchise Agreement dated _____, 20___(the **"Franchise Agreement"**), pursuant to which Franchisor granted Franchisee the right to operate a Primrose® school in or about _____, _____ .

B. In connection with Franchisee's development of its Facility, Franchisee has decided to participate in Franchisor's Site First Program (the "**Program**"). In the Program, Franchisee shall lease the premises for its Facility from a developer designated by Franchisor that has developed the Facility in accordance with Franchisor's specifications. Franchisor shall enter into a lease with the developer for such Facility, which Franchisee will be required to assume.

C. In order to facilitate Franchisee's participation in the Site First Program, it is necessary to modify selected portions of the Franchise Agreement to describe in detail the obligations of each of Franchisor and Franchisee with respect to, among other items, the construction of the Facility, Franchisee's lease for the Facility, signage specifications and reimbursement of expenses incurred by Franchisor in connection therewith.

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties covenant and agree as follows:

1. **Capital Terms.** Capitalized terms used and not otherwise defined in this Amendment shall have the meanings set forth in the Franchise Agreement.

2. **Modification to Section 1.2(a) (Development Area) of the Franchise Agreement.** Section 1.2(a) (Development Area) of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

> (a) Development Area. If a site for the Facility has not yet been specified in Exhibit A.3 as of the date of this Agreement, the Facility must be located within the temporary development area described in Exhibit A.2 (the "**Development Area**"). Franchisee will not have any exclusive or protected rights in the Development Area, and Franchisor and its affiliates will have the right to establish, or license others to establish, other System Facilities in the Development Area. When a site in the Development Area has been presented by Franchisor to Franchisee and has been accepted by Franchisee in accordance with Section 3.3(b) (Acceptance of Site), Franchisor shall insert the address

or description of the accepted site into Exhibit A.3 or otherwise designate the accepted site in writing.

3. **Modification to Section 3 (The Facility) of the Franchise Agreement.** Section 3 (The Facility) of the Franchise Agreement is hereby deleted in its entirety and replaced with the new Section 3 set forth on Exhibit A attached to this Addendum and incorporated herein by this reference.

4. **Modification to Section 13.2 (Commencement of Operations) of the Franchise Agreement**. The first sentence of Section 13.2 (Commencement of Operations) of the Franchise Agreement is hereby deleted and replaced with the following:

> Franchisee shall commence operation of the Facility by the later of 90 days after (i) the Developer permits Franchisee to take possession of the Facility or (ii) the lease with the Developer is assigned to Franchisee.

5. **Modification to Franchise Agreement.** All references to the Real Estate Development Agreement ("**REDA**") are hereby deleted, as Franchisee and its affiliates will not be required to execute a REDA.

6. **Franchise Agreement Otherwise in Full Force and Effect.** Except as expressly provided above, the Franchise Agreement shall be and remain in full force and effect.

7. **Miscellaneous.**

(a) Entire Agreement. This Amendment supersedes all prior discussions, understanding and agreements between the parties with respect to the matters contained in this Amendment, and this Amendment contains the sole and entire agreement between the parties with respect to the matters contemplated by this Amendment.

(b) Execution in Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(c) Successors and Assigns. Except as otherwise herein provided, this Amendment is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(d) Severability. If any provision of this Amendment or instrument or other document delivered pursuant hereto or in connection with this Amendment is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Amendment or any other instrument or document, and this Amendment and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Amendment.

(e) Litigation. Any claim or controversy arising out of, or related to, this Amendment or the making, performance, or interpretation thereof, shall be subject to the provisions of Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement, which are hereby incorporated herein by this reference.

IN WITNESS WHEREOF, the parties have caused this Amendment to the Franchise Agreement to be duly executed as of the day and year first above written.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[NAME OF ENTITY]

By: _____
Name: _____
Title: _____

EXHIBIT A
TO
AMENDMENT TO FRANCHISE AGREEMENT
(Site First Program)

New Section 3 to the Franchise Agreement

3.1 Site First Program. Franchisee will participate in the Site First development program (the "**Program**"). Under the Program, Franchisor has authorized a third-party developer ("**Developer**") to acquire, design, and build or renovate System Facilities in accordance with Franchisor's specifications and standards and to lease such System Facilities to franchisees that have been approved by Franchisor to participate in the Program. The real property and improvements included in the Facility shall be owned by Developer and leased to an approved franchisee pursuant to a standard form of lease that has been accepted by Franchisor for use with System Facilities developed under the Program (the "**Site Lease**"). By participating in the Program, Franchisee has agreed to develop the Facility in accordance with the Program and this Agreement and to lease the Facility from Developer in accordance with the Site Lease, which Franchisor will assign to Franchisee.

3.2 Franchisor's Real Estate Services.

(a) Services. Franchisor will evaluate and accept or reject sites in the Development Area, provide Developer with standards and specifications and prototype designs for System Facilities, review Developer's plans solely to confirm that they are compliant with such standards and specifications, review Developer's proposed construction schedule, and inspect the Facility solely to confirm that it is compliant with such standards and specifications. If Franchisor authorizes Developer to develop a site, Franchisor will enter into a Site Lease for such site with Developer, which Franchisor will subsequently assign to the franchisee that agrees to operate a System Facility at the site. For each site that Franchisor authorizes Developer to develop, Franchisor shall prepare a Site Location Analysis ("**SLA**"), which will include (i) a property description, (ii) a demographic profile relating as to such site, (iii) a rendering or other conceptual design plan showing, among other things, the preliminary proposed layout of the Facility on or within the site, (iv) a site analysis reflecting competing schools within the subject area, (v) information relative to the community within which the site is located, and (vi) a preliminary estimate of the rent for the site (which is subject to change based on the actual development costs).

(b) Acknowledgements. Franchisee acknowledges and agrees that (i) Franchisor is not affiliated with Developer; (ii) Franchisor has not made, and will not make, any warranties or representations related to Developer (including the quality of Developer's work or Developer's ability to timely complete the construction in accordance with applicable laws and Franchisor's standards and specifications), the design or construction of the Facility (including whether the Facility is compliant with applicable laws, structurally sound, and free of defects), the site (including whether the site will be successful or achieve any level of financial performance), or the Site Lease (including whether the terms of the lease are reasonable); (iii) Franchisee is solely responsible for conducting its own due diligence regarding Developer, the site, the design and construction of the Facility, and the Site Lease and whether to participate in the Program; (iv) Franchisor is not, and will not be, in any way responsible or liable for any acts or omissions of Developer, any defects or delays related to the development or construction of the Facility or the acquisition of the site, or any claims related to, or arising from, the Site Lease. Franchisee acknowledges that Franchisor has no responsibilities whatsoever in regard for providing any

services on behalf of Franchisee in regard to the site selection, design, and construction process, other than solely to determine whether the site and Facility is in compliance with Franchisor's standards and specifications.

3.3 Development Obligations of Franchisee.

(a) Real Estate Fee. Upon the execution of this Agreement, Franchisee shall pay to Franchisor a real estate fee equal to $25,000 (the "**Real Estate Fee**"), which shall be in addition to the other financial obligations of Franchisee under this Agreement (including the Development Expenses (as defined in Section 3.9 (Site Development Expenses) and the Additional Expenses (as defined in Section 3.15 (Payment of Additional Expenses)).

(b) Site Acceptance.

(i) Queue. If a site for the Facility has not yet been specified in Exhibit A.3 as of the date of this Agreement, Franchisee will be added to a queue of franchisees that have entered into franchise agreements to develop System Facilities under the Program within the same Development Area. When Franchisor has authorized Developer to acquire and begin developing a site, Franchisor shall present an SLA for such site to the first franchisee in the queue. Such franchisee shall have 14 days after receiving the SLA to accept the proposed site for the Facility in writing. If such franchisee declines the opportunity, (a) Franchisor will present the SLA to the next franchisee in the queue, and the offer process will continue until a franchisee accepts the site, and (b) the declining franchisee will be the first franchisee in the queue for the next site that is presented, unless such franchisee has declined two or more sites and Franchisor exercises its right to terminate such franchisee's franchise agreement in accordance with Section 3.6 (Failure to Locate or Develop a Site).

(ii) Acknowledgements. Franchisee acknowledges that (i) it shall be the responsibility of Franchisee, not Franchisor, to make the ultimate determination of the site utilized by Franchisee for operation of the Facility, (ii) the only obligation of Franchisor in reviewing the site and creating the SLA is to merely determine whether the site meets Franchisor's criteria, (iii) Franchisor makes no representations, warranties, or guarantees to Franchisee relating to the site or as to the potential success or profitability of a Primrose franchise at the site, and Franchisor's presentation of a proposed site shall not constitute an explicit or implicit warranty, representation, or guarantee of any kind, and (iv) Franchisor's presentation of the site does not guarantee that the Facility will be developed on the site.

(iii) Acceptance. When a site is offered to Franchisee by the presentation of an SLA, Franchisee will have 14 days to, in its sole discretion, accept the site in writing. If accepted by Franchisee, (a) Franchisor will insert the address or a description of the site into Exhibit A.3, and (b) Franchisee will have 14 additional days to sign an assignment and assumption agreement in which it will assume the Site Lease from Franchisor. If Franchisee does not accept or decline the proposed site in writing within 14 days of its receipt of the SLA or if Franchisee does not assume the Site Lease within 14 additional days after accepting the site, Franchisee will be deemed to have rejected the proposed site. If Franchisee rejects a site, Franchisor shall have the right to offer the site to the other franchisees in the queue for the Development Area (in accordance with the process set forth in Section 3.3(b)(i) (Queue)) and, if there are no franchisees in the queue, to any party without restriction.

(iii) Representations. By accepting a site, Franchisee represents that based on the estimated rent for the site as disclosed in the SLA and the estimated initial investment costs to develop a Facility as disclosed in Franchisor's Franchise Disclosure Document, Franchisee will be able to fund, or obtain a loan to fund, the necessary capital injection to enable Franchisee to develop and operate the Facility, even if the actual rent and actual total investment is higher than anticipated.

(c) Substitution of the Site. If at any time any site that has been approved by Franchisor is determined by Franchisor or Developer to be unfeasible for the development of a System Facility for any reason, Franchisor, in its sole discretion, may terminate this Agreement as set forth in Section 3.6 or agree with Franchisee to modify this Agreement for the purpose of locating a new site for the development of a System Facility (i) within the Development Area under the Program (in which case Franchisee will become the first franchisee in the queue for such Development Area) or (ii) within another geographic area (in which case Franchisee may be required to develop the Facility under a different development program and execute other documents and pay additional fees related to such program).

3.4 Lease of Real Property and Improvements.

(a) Site Lease. Once Franchisee has accepted the site, Franchisee shall assume the Site Lease from Franchisor by executing an assignment and assumption agreement in a form prescribed by Franchisor within 30 days after accepting the site. Franchisee acknowledges that Developer has conditioned its participation in the Program based on its offer of the terms within the Site Lease to franchisees and does not intend to negotiate the terms of the Site Lease with Franchisee. Franchisee must obtain Franchisor's written approval prior to making any modifications to the standard Site Lease prior to its execution, during its term, or upon any renewal.

(b) Other Required Agreements. In conjunction with entering into the Site Lease, Franchisee and Developer shall be required to execute Franchisor's then-current forms of Subordination Agreement (the "**Subordination Agreement**") and Collateral Assignment of Tenant's Interest in Lease (the "**Collateral Assignment**"), which may be modified as Franchisor deems appropriate to conform to state and local laws and practices. Any lender holding a mortgage with respect to the Facility must also execute Franchisor's then-current form of Subordination Agreement. In addition, the Owners (or an entity reasonably acceptable to Developer and Franchisee) must execute a guaranty (in the form attached to the Site Lease) in favor of Developer that guarantees the performance of Franchisee's obligations under the Site Lease.

(c) Rent Guarantee. Franchisee acknowledges that Developer requires Franchisor or its affiliate (currently, Primrose School Franchising Company LLC, but such entity is subject to change upon written notice) ("**Rent Guarantor**") to provide a limited rent guarantee as a condition of Developer agreeing to the assignment of the Site Lease to Franchisee. Pursuant to the limited rent guarantee, Rent Guarantor shall guarantee Franchisee's rent obligations for five years if Franchisee and its Owners default under their obligations. In consideration for Rent Guarantor agreeing to provide this guarantee, Franchisee must sign a rent guarantee agreement in a form prescribed by Rent Guarantor, which will require Franchisee to (i) pay Rent Guarantor at the time of signing such agreement a non-refundable rent guarantee fee equal to 5% of the Estimated Guarantee Amount and (ii) reimburse Rent Guarantor for any funds paid by Rent Guarantor to Developer under such agreement. The "**Estimated Guarantee Amount**" will be the

aggregate base rent and additional rent that is projected to be due during the third year of the Site Lease.

3.5 Ownership and Financing of Facility. The provisions of this Section 3.5 shall apply in the event that Franchisee or any affiliate has obtained or at any time proposes to obtain any financing with respect to the Facility or Franchisee's business, whether in connection with the purchase of any items related to the development of the Facility or for working capital or other purposes. Prior to any such financing described above, any such lender may be required by Franchisor to execute and deliver Franchisor's then-current form of Subordination Agreement. The form of any loan agreement with any such lender and any related documents, must each be approved in writing by Franchisor before the execution of same. Franchisor's approval of such loan agreement shall be conditioned on the inclusion of such provisions as Franchisor shall reasonably require, including the following:

(a) a provision which requires any lender concurrently to provide Franchisor with a copy of any written notice of deficiency or defaults under the terms of the loan sent to Franchisee, any affiliate or an unrelated third-party owner;

(b) a provision granting Franchisor the right, but not an obligation, to cure any deficiency or default under the loan should Franchisee, its affiliate, or an unrelated third-party owner fail to do so within ten days of the expiration of the period in which Franchisee or its affiliate may cure such default or deficiency; and

(c) a provision which expressly states that a default under the loan shall constitute a default under this Agreement, and that any default under this Agreement shall constitute a default under the loan.

Franchisee shall reimburse Franchisor promptly upon demand for all of Franchisor's expenses (including attorneys' fees) incurred in reviewing and approving any loan agreement and related documents, preparing and discussing any of the agreements described above in this Section 3.5, and subsequently assuming Franchisee's or its affiliate's obligations under the loan pursuant to the Subordination Agreement. Franchisee shall also pay Franchisor promptly upon demand its then-prevailing per diem rate for any lender consultations. Such payments shall be made by Franchisee regardless of whether or not any such documents receive Franchisor's approval or any transactions contemplated in such documents are consummated.

3.6 Failure to Locate or Develop a Site.

(a) Termination by Franchisor. Franchisor may, in its sole discretion, terminate this Agreement prior to the opening of the Facility upon written notice to Franchisee if:

(i) Franchisor identifies for Franchisee at least two sites within the Development Area which meets Franchisor's criteria for acceptable sites for System Facilities and Franchisee rejects two or more of such sites;

(ii) Franchisee has rejected at least one site within the Development Area which meets Franchisor's criteria for acceptable sites for System Facilities and it is at least 20 months after the Effective Date;

(iii) Franchisor, in its sole discretion, determines that it is unlikely that Franchisor will locate an acceptable site in the Development Area that is suitable and/or economically feasible for the development of a System Facility;

(iv) Franchisor, in its sole discretion, determines that Franchisee is unable to proceed for any reason with the development of a site that it has selected, including due to the inability of Franchisee to obtain financing for the development of the Facility or due to the death of an Owner; or

(v) Developer is no longer authorized by Franchisor to develop System Facilities; or

(vi) Franchisee requests to terminate the Agreement prior to opening for any reason (other than as provided in Section 3.6(b) (Termination by Franchisee)).

(b) Termination by Franchisee. Franchisee may, in its sole discretion, terminate this Agreement prior to the opening of the Facility upon written notice to Franchisor if Franchisor has failed to present a single site within the first 20 months after the Effective Date(c)

(c) Termination Procedure. If this Agreement is terminated pursuant to this Section 3.6 (Failure to Select or Develop a Site), the following terms shall apply:

(i) Franchisor shall promptly return to Franchisee (x) the full amount of the Initial Fee that has been paid less a fee of $20,000 and (y) the full amount of the Real Estate Fee that has been paid less a fee of $10,000, both amounts being retained by Franchisor in order to reimburse Franchisor for its effort hereunder with respect to presenting a suitable site for the Facility, except (aa) Franchisor shall not be obligated to refund any monies if the termination occurs under Section 3.6(a)(vi) (Franchisee requests termination) and (bb) Franchisor shall refund the full amounts of the Initial Fee and Real Estate Fee if the termination occurs under Section 3.6(a)(v) (Developer is no longer authorized) or Section 3.6 (b) (Franchisor fails to present a site within the first 20 months after the Effective Date);

(ii) If Franchisor terminates this Agreement pursuant to Section 3.6(a)(iv) (Franchisee is unable to proceed) or Section 3.6(a)(vi) (Franchisee requests termination), Franchisee shall pay Franchisor the amount of all of Franchisor's out-of-pocket expenses and costs that Franchisor and its affiliates, consultants and/or third parties acting on its behalf and their agents, have incurred in providing real estate services to Developer and Franchisee, training and training materials, legal expenses, administrative costs and other costs incurred, as liquidated damages ("**Liquidated Damages**"). The parties agree that (x) the Liquidated Damages are a reasonable amount, (y) it will be impossible to ascertain the exact amount of damages sustained by Franchisor in the event of a termination due to the nature of the subject matter, and (z) such amount is in part intended to compensate Franchisor for its loss of possible opportunities to offer the site to other franchisees;

(iii) Franchisor may deduct the Liquidated Damages in 3.6(c)(ii) from the refund described in 3.6(c)(i). If the Liquidated Damages exceed the amount of the refund, Franchisee shall promptly upon demand pay the remaining amount of the Liquidated Damages to Franchisor; and

(iv) Both parties agree to execute a termination agreement formalizing the termination and the refund or payment, in addition to Franchisee executing a general release.

3.7 Site and Relocation of Facility. Franchisee may operate the Facility only at the location specified in Section 1.1 (Grant of License). If the lease for the site of the Facility expires or terminates without fault of Franchisee, or if Franchisee loses possession of the site of the Facility because it is destroyed, taken on account of condemnation or eminent domain

proceedings, or otherwise rendered unusable, or if in the reasonable judgment of Franchisor there is a change in character of the location of the Facility sufficiently detrimental to its business potential to warrant its relocation, Franchisee must initiate the relocation procedure for relocation of the Facility within Franchisee's Designated Area at a location and site acceptable to Franchisor. If a Designated Area has not been designated, Franchisee shall request that Franchisor designate a new Development Area, the boundaries of which shall be determined by Franchisor in its sole discretion, in which Franchisee may attempt to locate a new site that is acceptable to Franchisor. Franchisor may require Franchisee to (i) relocate the Facility to another site owned and developed by Developer and to enter into a new Site Lease with Developer for such site or (ii) develop a new Facility using a different development program and execute an addendum to this Agreement or a REDA for such program. Such relocation procedure must be initiated and completed in time to open the new Facility for business within 24 months after the original Facility closes. Franchisee may not relocate the Facility without Franchisor's written consent, which Franchisor may not unreasonably withhold. Franchisee acknowledges that if Franchisor or Franchisee are not able to identify, secure, or develop a site acceptable to the Parties in the Designated Area or the newly designated Development Area (whichever is applicable), Franchisor shall have no liability to Franchisee and shall not be obligated to accept a proposed site or relocation. Any relocation shall be at Franchisee's sole expense, and Franchisor shall have the right to charge Franchisee for any costs incurred by Franchisor, as well as any other fees or expenses that would be charged by Franchisor to a franchisee or Developer developing a new Facility.

3.8 Development of Facility.

(a) Franchisee Responsibilities. Franchisee must: (i) obtain all required health, sanitation, and childcare permits and licenses and any other required permits and licenses, necessary to operate the Facility; (ii) purchase or lease and install equipment, fixtures, furniture, and signs in full and strict compliance with plans and specifications approved by Franchisor and all applicable ordinances, building codes, and permit requirements; and (iii) after taking possession of the Facility, otherwise ensure that the Facility is ready to operate in accordance with Section 13 (Standards of Quality and Performance).

(b) Inspections. Franchisor or its designees may inspect the Facility from time to time prior to its opening for business to determine whether such facility meets Franchisor's standards and specifications. Any deficiencies, other than construction or design deficiencies which must be remedied by Developer, shall be remedied by Franchisee to Franchisor's satisfaction before the Facility may open for business.

(c) Right of First Refusal. If Developer should for whatever reason provide Franchisee with an option to purchase the site and Facility, Franchisor may require that the Developer enter into an agreement whereby the Developer will offer Franchisor an option to purchase the site on the same terms and conditions as offered to Franchisee, in the event that Franchisee fails to exercise its option or to consummate the purchase of the site.

3.9 Site Development Expenses.

(a) Reimbursement of Franchisor. Franchisee will reimburse Franchisor for all reasonable expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification, development, and construction of the Site and the Facility (the "**Development Expenses**"), which may include, but not be limited to, expenses and fees incurred for engineering, environmental studies, soil samples, architectural fees, legal fees, travel expenses, or any and all other fees incurred by Franchisor in regard to the identification, investigation, review, and acceptance process and for services rendered related to the site. Such

Development Expenses will not include any rent paid by Franchisor under the Site Lease. If Franchisor approves a substitute site pursuant to Section 3.3(c) (Substitution of the Site), Franchisee will remain responsible for payment of all Development Expenses incurred in regard to the original site, in addition to all Development Expenses incurred in connection with the new site. Franchisor shall also be entitled to receive from Franchisee interest on any amount paid or advanced by Franchisor from the date of such payment by Franchisor until repayment by Franchisee to Franchisor, with such interest to be calculated at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), with such interest being considered part of the Development Expenses. Franchisee must pay Franchisor its Development Expenses within ten days after the date Franchisee is invoiced for such amount by Franchisor, which will occur upon delivery of the premises to Franchisee or upon the determination that the site is no longer deemed to be feasible. Franchisor also may require Franchisee to establish a reserve account with Franchisor, the purpose for which would be to ensure reimbursement of the Development Expenses.

(b) Reporting. Promptly upon completing construction, and no later than 60 days after obtaining a Certificate of Occupancy for the Facility, Franchisee will provide to Franchisor an accounting of the development costs for the Facility that Franchisee has incurred or that have been reported to Franchisee, in a form approved by Franchisor.

3.10 Signage Specifications. Franchisor shall provide Franchisee with specifications for signage and accessories which may be required for the Facility. Developer will obtain permits necessary to construct any monuments or other structures or equipment necessary to house Franchisee's signage (including permits for related electrical service), but Franchisee will be responsible for acquiring and installing the signage in such structures (including any permits related to the specific signage that is installed). Franchisee may purchase or lease original and replacement signs and decorating materials meeting such specifications from any source, provided that prior to obtaining any such sign Franchisor has approved the use of the Marks and the source in writing. If Franchisee proposes to purchase or lease any signs or decorating materials that have not already been approved by Franchisor as meeting its specifications, Franchisee shall first notify Franchisor and Franchisor may require samples to determine whether such signs or decorating materials meet its specifications. Franchisor shall be entitled to, and Franchisee shall promptly pay on demand, reasonable compensation and all expenses incurred to carry out such determination, including costs of analysis and testing regardless of whether or not such signs or decorating materials are approved by Franchisor. Franchisor shall advise Franchisee within a reasonable time whether such sign or decorating materials meet its specifications.

3.11 Primary Purpose of Facility. Franchisee shall use the location of the Facility solely for the purpose of operating a System Facility and shall not use the location of the Facility for any other purpose without the prior written consent of Franchisor.

3.12 Security Interest. For the purposes of securing its obligations under this Agreement, Franchisee hereby grants Franchisor a security interest in all personal property related to the operation of the Facility of any nature now owned or hereinafter acquired by Franchisee, including all signs, logos bearing any of the Marks, inventory, equipment, trade fixtures, furnishings and accounts, together with all proceeds therefrom (the "**Security Agreement**"). Any event of default by Franchisee under this Agreement or Franchisee or Real Estate Affiliate under any other agreement between Franchisee or any Real Estate Affiliate and Franchisor shall be a breach of the Security Agreement. Franchisee covenants to execute and deliver to Franchisor any and all instruments which Franchisor may reasonably request from time

to time in order to perfect the security interest granted herein, including the appropriate UCC-1 Financing Statements.

3.13 Maintenance.

(a) Adhering to Standards. Franchisee agrees to maintain the condition and appearance of the premises of the Facility consistent with Franchisor's then-current standards for the image of a System Facility as an attractive, pleasant, safe, comfortable and professional facility conducive to quality educational, recreational, and child care services. To that end, Franchisee must keep the Facility, including all of its fixtures, furnishings, equipment, materials, and supplies, in the highest degree of cleanliness, orderliness, and repair, as reasonably determined by Franchisor. Franchisee agrees to effect such reasonable maintenance of the Facility as is from time to time required to maintain or improve the appearance and efficient operation of the Facility, including replacement of worn out or obsolete fixtures and signs, repair of the exterior and interior of the Facility, and redecorating.

(b) Remedying Deficiencies. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Facility or its equipment, fixtures, signs or decor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within 30 days after receipt of such notice, and thereafter continue, a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Facility and effect such repairs, painting, decorating or replacements of equipment, fixtures or signs on behalf of Franchisee, and Franchisee shall pay promptly on demand the entire costs thereof plus any additional expenses incurred by Franchisor to implement such changes.

3.14 Remodeling and Alterations. Franchisee shall make no alterations to the improvements of the Facility, nor shall Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Facility, without the prior written approval of Franchisor. Franchisee must periodically make reasonable capital expenditures to remodel, modernize, and redecorate the Facility and its premises to reflect the then-current image of the System Facilities in accordance with the standards and specifications as prescribed by Franchisor from time to time and with the prior written approval of Franchisor. Subject to the provisions of Sections 3.7 (Site and Relocation of Facility), Franchisee shall not be required to remodel, modernize, and redecorate the Facility and its premises more than once every five years during the Operating Term. Any such remodeling or redecoration must be performed in accordance with Franchisor's then-current standards and requirements, and Franchisee must obtain Franchisor's written approval of any architects, general contractors, construction managers, and plans used in such remodeling or redecoration. If Franchisee would like to expand the size of its Facility, it must (i) submit to Franchisor any proposed plans and other information that Franchisor requests, (ii) obtain Franchisor's written approval for the plans, (iii) comply with any construction requirements specified by Franchisor, and (iv) after receiving approval, pay Franchisor a $10,000 expansion fee.

3.15 Payment of Additional Expenses. In addition to any specific obligations of Franchisee under this Agreement, if: (i) at Franchisee's request Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, assists Franchisee in any manner in which Franchisor is not otherwise expressly obligated pursuant to the terms of this Agreement, (ii) Franchisor or its affiliates, or any third party or consultant acting on Franchisor's behalf, acts to review and/or approve any matter submitted for its review or approval (regardless of whether

Franchisor gives its approval or any such matter is consummated), or (iii) due to Franchisee's default hereunder Franchisor is required to take any action, Franchisee shall promptly reimburse Franchisor upon demand for all of Franchisor's out-of-pocket costs and expenses (including attorneys' fees) incurred in providing such assistance or taking such action, and shall promptly pay Franchisor and/or such affiliate, third party or consultant, on demand, its then-prevailing fees and per diem rates for any such assistance or action rendered or taken by such party (collectively, the **"Additional Expenses**"). The Facility may not open until all Additional Expenses have been paid.

Exhibit D
to
Franchise Disclosure Document

LIST OF FRANCHISEES AND OTHER FACILITIES-RELATED INFORMATION

(attached)

A. The following franchised Facilities were operating as of December 31, 2022:

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Meadowbrook	Stacy and Barry Vines	4855 Meadowbrook Road	Birmingham	AL	35242	(205) 991-3020
Riverwoods	David and Kimberly Wilson	501 Riverwoods Court	Helena	AL	35080	(205) 685-1905
Madison	Amy and Glenn Gallagher	124 Plaza Boulevard	Madison	AL	35758	(256) 772-2029
Liberty Park	Bill and Gayla Clark, Margaret O'Bryant, Rebecca and Daniel Hurley	1800 Urban Center Parkway	Vestavia Hills	AL	35242	(205) 969-8202
West Little Rock	Akbar and Malika Pabani, Aziz Pabani and Khairunnisa Khan	1601 Kirk Rd.	Little Rock	AR	72223	(501) 821-2200
Rogers at Pinnacle Hills	Hunter and Katherine Hart, Brandon and Erin Campbell, Eduardo and Maria Galindo	3724 S. Pinnacle Hills Pkwy.	Rogers	AR	72758	(479) 876-8176
West Chandler	Anita and Pramodkumar Patel; Mayurkumar & Bina Patel; Hemaben Patel, Pritybala Valbh, Pankaj and Rita Patel	4800 W. Chandler Blvd.	Chandler	AZ	85226	(480) 912-6064
Gilbert at Santan	Jigar and Malini Bhakta, and Neeta Bhakta	4050 S. Val Vista Drive	Gilbert	AZ	85297	(480) 255-4375
South Gilbert	Susan and Chris Bartlett	3293 E. Williams Field Road	Gilbert	AZ	85295	(480) 633-5635
West Gilbert	Kathryn and Kyle McEuen and Marcus Ridgway	1545 N. Parkway Drive	Gilbert	AZ	85234	(480) 327-8170
Palm Valley	Matthew Ailey (GenRock)	14260 W. Indian School Road	Goodyear	AZ	85338	(623) 535-1900
East Mesa	Matthew Ailey (GenRock)	2710 S. Crismon Road	Mesa	AZ	85209	(480) 354-2966
Fletcher Heights	Heather and Greg Legeza	8270 W. Lake Pleasant Parkway	Peoria	AZ	85382	(623) 825-3221
Arrowhead	Michele Greener and Mark Parrone	7619 W. Thunderbird Road	Peoria	AZ	85381	(623) 487-9600
Ahwatukee	Veronica and Todd Hunnicutt	3922 E. Chandler Blvd.	Phoenix	AZ	85048	(480) 460-1575
Tatum	Greg and Heather Legeza	4747 E. Dynamite Boulevard	Phoenix	AZ	85331	(480) 513-2900
North Scottsdale	Matthew Ailey (GenRock)	10120 E. Bell Road	Scottsdale	AZ	85260	(480) 455-5100
4S Ranch San Diego	Reena Dayal	17025 Via Del Camp	San Diego	CA	92127	(858) 592-2335
Evergreen	Mohit Patel, Pankil Patel, Hari Patel, Charmi Patel	3008 Aborn Road	San Jose	CA	95135	(408) 440-8215
Livermore	Piyoosh and Neha Jalan	2901 Las Positas Road	Livermore	CA	94551	(925) 215-7372
Pleasanton	Nick and Samina Kurji	7110 Koll Center Parkway	Pleasanton	CA	94566	(925) 600-7746
Cupertino	Sima Shah and Amar Chokhawala	1002 S. De Anza Blvd.	San Jose	CA	95129	(669) 273-6169
Willow Glen	Sima Shah and Amar Chokhawala	1496 Hamilton Ave.	San Jose	CA	95125	(669) 273-6169
Arvada	Babur Siddique and Fiza Durrani	9179 Kendrick Street	Arvada	CO	80007	(720) 621-2000
West Woods	Mike and Suzanne Burns, Jose A. and Nydia Emmanuelli	16395 W. 64th Ave	Arvada	CO	80007	(303) 431-5437
Saddle Rock	Nikhil Saluja and Ravneet Chhabra	5950 South Gun Club Road	Aurora	CO	80016	(303) 766-7859
Tallgrass	Sabya and Shraboni Sinha	21537 E. Quincy Avenue	Aurora	CO	80015	(303) 699-8001
The FlatIrons	Greg and Kim Patrick, Charlie Tash	1680 Coalton Road	Broomfield	CO	80027	(303) 469-8000
Castle Rock	Matthew Grossman, Kim Barnett, Wendy Jones	5885 New Abbey Lane	Castle Rock	CO	80108	(303) 663-0333
Centennial	Deb Tynan and Bob Tagliani, Natasha Tagliani	13331 E. Euclid Place	Centennial	CO	80111	(720) 488-7400
Cottonwood Creek	Hannelore and Rajesh Ramamurti	4110 Dublin Blvd	Colorado Springs	CO	80918	(719) 260-8181
Springs Ranch	Rachele and James Rank	3805 Tutt Boulevard	Colorado Springs	CO	80922	(719) 442-1992
Colorado Station	Michele and Tim Alexander	4300 E. Warren Avenue	Colorado Station	CO	80222	(303) 757-7727

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Reunion	Steven and Cindy Aaron, Stephanie Branscum and Scott Aaron	17050 E. 103rd Ave.	Commerce City	CO	80022	(303) 637-9999
Denver North	Elizabeth Deasy	9945 East 59th Street	Denver	CO	80238	(720) 405-5150
Stapleton	Elizabeth Deasy	2501 Syracuse Street	Denver	CO	80207	(303) 322-7200
Lowry	Chris Lang and Shannan Meyer	150 Spruce Street	Denver	CO	80230	303-341-7000
Erie at Vista Ridge	Chris Lange, Becky and Cook Cookson	2998 Ridge View Drive	Erie	CO	80516	(303) 665-3444
Fort Collins	Christy and Bubba Wolford	2117 Bighorn Drive	Fort Collins	CO	80525	(970) 689-3811
Denver Tech Center	Richard and Alicia Grenolds	8745 East Orchard Road, Suite 500	Greenwood Village	CO	80111	303-993-3665
Highlands Ranch Business Park	Sourav and Aneeka Sinha	9055 So. Ridgeline Blvd	Highlands Ranch	CO	80129	(303) 346-4800
Lafayette	Britney Birkhauser and Cari Birkhauser	411 Homestead Street	Lafayette	CO	80026	303-665-4769
Bear Creek	Heather Rieboldt	3395 S. Kipling Pkwy	Lakewood	CO	80227	(303) 596-3222
Ken Caryl	Heather Haugen and Stacey Alexander	6060 S. DeVinney Way	Littleton	CO	80127	(720) 981-2988
Shadow Canyon	Nydia and Jose A. Emmanuelli, Michael and Suzanne Burns, Jose C. Emmanuelli, Maria Emmanuelli	4105 Siskin Ave.	Littleton	CO	80126	(720) 200-9388
Littleton	Farima and Reza Memat, Mehraban Farzaneh	7991 SouthPark Way	Littleton	CO	80120	(303) 795-6555
Sterling Ranch	Jackie and Lee Fawcett	8159 Piney River	Littleton	CO	80125	(303) 319-6377
Lone Tree	Matthew Grossman, Kim Lewis Barnett, Wendy Jones	9200 Teddy Lane	Lone Tree	CO	80124	(303) 792-9234
Longmont	Kim and Jon Bourgain	1335 Dry Creek Drive	Longmont	CO	80503	(303) 774-1919
Parker	Deb Tynan and Bob Tagliani	18692 Pony Express Drive	Parker	CO	80134	(303) 840-5300
Thornton	Elizabeth Deasy	12899 Grant Dr.	Thornton	CO	80241	(303) 279-0525
Torrey Peaks	Jackie and Lee Fawcett	5483 W. 118th Place	Westminster	CO	80020	(303) 246-4203
Standley Lake	Steven and Cindy Aaron, Stephanie Branscum and Scott Aaron	8430 West Church Ranch Boulevard	Westminster	CO	80021	303-650-5437
The Parks DC	Mitesh Patel and Parbhu Patel	6800 Georgia Avenue NW	Washington	DC	20012	(202) 545-0600
Lakewood Ranch North	Matthew Ailey (GenRock)	5730 New Haven Boulevard	Bradenton	FL	34211	941-500-1092
Lakewood Ranch Town Center	Matthew Ailey (GenRock)	9127 Town Center Parkway	Bradenton	FL	34202	(941) 373-6363
Estero	David and Linda Essig, Chris and Jamie Essig	10350 Corkscrew Commons Drive	Estero	FL	33928	(239) 30-8030
Fleming Island	Dodie and Charles Pleiss	2031 Town Center Blvd.	Fleming Island	FL	32003	(904) 298-3938
Cooper City	Jonathan and Anne Bruckner	8847 Sheridan Street	Hollywood	FL	33024	954-648-6122
Julington Creek	Ed and Marta Guevara and Jorge Guevara	480 State Road 13 N	Jacksonville	FL	32259	(904) 230-2828
St. John's Forest	Ed and Marta Guevara and Jorge Guevara	180 Gateway Circle	Jacksonville	FL	32259	(904) 824-1100
Glen Kernan	Ken and Susan Muller	4610 Hodges Boulevard	Jacksonville	FL	32224	904-992-9002
Collier Parkway	Steve Chojnacki	23021 Weeks Blvd	Land-O-Lakes	FL	34639	(813) 242-7800
Longwood at Wekiva Springs	Christopher and Sabrina Boesch	2615 West State Road 434	Longwood	FL	32779	407-960-5078
Lutz	Ketansinh and Ami Gohil	5001 W. Lutz Lake Fern Road	Lutz	FL	33558	(813) 920-9384
Miramar	Poorab and Lakshmi Kapadia	2701 Dykes Road	Miramar	FL	33027	(754) 333-0789

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
North Naples	David and Linda Essig, Chris and Jamie Essig	4510 Executive Drive	Naples	FL	34119	239-774-6767
Ocoee	Andrew and Kristy Lund	860 Tomyn Boulevard	Ocoee	FL	34761	407-347-8902
Oldsmar	Trupti Patel, Ketan Patel, Smruti Patel, Smeet Patel, Sanjay Patel	3760 Tampa Road	Oldsmar	FL	34677	813-818-1102
Hunter's Creek	David and Jresaraine Mohabir, Davina Mohabir	5741 Town Center Boulevard	Orlando	FL	32837	(407) 251-2771
Avalon Park	Manoj and Seema Naik	13461 Tanja King Blvd.	Orlando	FL	32828	(407) 737-1500
Vista Lakes	Andrew Lund	8712 Lee Vista Blvd.	Orlando	FL	32829	(407) 381-5559
Lake Nona	Manoj and Seema Naik	9915 Vickrey Place	Orlando	FL	32827	407-982-5567
Oviedo	Carmela and Nathan Parrott	1933 West County Road 419	Oviedo	FL	32766	407-359-5200
Crosswater Parkway	Susan and Ken Muller	785 Crosswater Parkway	Ponte Vedra	FL	32081	(904) 547-1213
Tradition	Amber and Doug Resetar	10387 SW West Park Avenue	Port St. Lucie	FL	34987	(772) 348-3200
Lake Mary Heathrow	Sabrina and Chris Boesch	1200 Orange Boulevard	Sanford	FL	32771	407-333-0555
Westchase	Anna and Randy Hurst	12051 Whitmarsh Lane	Tampa	FL	33626	(813) 814-9685
Cross Creek	Matthew Coombs	10301 Cross Creek Blvd.	Tampa	FL	33647	(813) 994-6800
Tampa Palms	Deanna and Robert Fitzpatrick	5307 Primrose Lake Circle	Tampa	FL	33647	(813) 975-4000
South Tampa	Rick and Jana Radtke, Christy Blackard	1700 West Kennedy Boulevard	Tampa	FL	33606	813-876-1000
Carrollwood	Sandy and Shi Deng	1770 W. Bearss Avenue	Tampa	FL	33613	(813) 398-8607
Bloomingdale	Ketan and Ami Gohil	1280 Bloomingdale Avenue	Valrico	FL	33596	813-438-5980
Winter Springs	Diana and Gregory Palen	90 Heritage Park Street	Winter Springs	FL	32708	407-327-3331
Bentwater	Thomas and Amy Roper	3664 Cedarcrest Road	Acworth	GA	30101	770-324-9876
Alpharetta	Suvir and Irina Bhatia	315 Henderson Village Parkway	Alpharetta	GA	30004	(770) 664-7508
Johns Creek Northwest	Charles and Pushpa Mopur	11130 Jones Bridge Road	Alpharetta	GA	30022	(770) 664-8911
Mansell Road	Clarissa and Jeffrey Palhegyi	1015 Kingswood Place	Alpharetta	GA	30004	(770) 552-1986
Alpharetta East	Lauren and Joshua Jones and Andrew Wells	5425 McGinnis Village Place	Alpharetta	GA	30005	(678) 339-0107
Athens	William and Ellen Beasley	180 Athens Town Blvd.	Athens	GA	30606	(706) 850-0223
Atlanta Westside	Jennifer Bunting-Graden, George Elba, Chrisopher Williams	2260 Marietta Blvd, Suite 114	Atlanta	GA	30318	(404) 565-0257
Midtown	Keri and Carl Stoltz	1197 Peachtree Street, Suite 554	Atlanta	GA	30361	(404)745-9797
Brookhaven	Jarrad and Olivia Vaughn	3575 Durden Drive	Atlanta	GA	30319	(404)844-9775
Buckhead	Irina and Chris Fofiu	3355 Lenox Road NE	Atlanta	GA	30326	(404) 585-4854
Druid Hills	Laura and Paul Stechmesser	2910 N. Druid Hills Road NE	Atlanta	GA	30329	(678) 557-5207
Grant Park	Myehla and Andrae Reneau	519 Memorial Drive Suite A-14	Atlanta	GA	30312	(404) 395-3679
Braselton	John and Jenifer McKnight	2711 Old Winder Hwy.	Braselton	GA	30517	(770) 904-9860
Buford	John and Jenifer McKnight	1650 Crossroads Drive	Buford	GA	30518	(770) 932-5573
Sixes Road	Gary Baude	95 Ridge Road	Canton	GA	30114	(770) 479-9500
Peachtree Corners	Simon and Kathy Edwards	1245 Sanders Road	Cumming	GA	30041	(770) 889-9900
Cumming North	Mark Shepherd	3545 Matt Hwy	Cumming	GA	30028	(770) 203-2773
Cumming West	Tahir Jiwan, Alia Rasheed, Anumpama Menon, Ali and Soha Gowani	5745 Steeplechase Blvd.	Cumming	GA	30040	(678) 455-6008
Duluth West	Matt and Christine Weiss	3525 Duluth Park Lane	Duluth	GA	30096	(770) 623-0085
Dunwoody	Larry and Lynn Manning	5050 Nandina Lane	Dunwoody	GA	30338	(770) 396-8266
Gainesville	John and Jenifer McKnight	2171 Sandridge Court	Gainesville	GA	30501	(770) 297-9977

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Harmony on the Lakes	Matthew Grossman and Kim Lewis Barnett	404 Argonne Terrace	Holly Springs	GA	30115	(770) 704-0721
Bells Ferry	Gary Baude	175 Hawkins Store Road	Kennesaw	GA	30144	(770) 928-5683
Wade Green	Michelle and Tom Rath	4321 Wade Green Road	Kennesaw	GA	30144	(770) 419-8001
Kennesaw North	Amy and Tommy Roper	3054 N. Main Street	Kennesaw	GA	30144	(770) 218-3500
Brookstone	Mark and Lindsey Prewitt	5250 Stilesboro Road	Kennesaw	GA	30152	(770) 794-1651
Five Forks	Gil Benjamin	3030 River Drive	Lawrenceville	GA	30044	(770) 985-0028
Lawrenceville North	Felicia and Andrew Hines	625 Russell Road NE	Lawrenceville	GA	30043	(770) 962-9595
Sugarloaf Parkway-East	Tanisha Turner	2782 Sugarloaf Parkway	Lawrenceville	GA	30045	(770) 513-0066
Providence Pavilion	Minesh Patel, Chhitel Patidar	905 Veterans Memorial Highway SE	Mableton	GA	30126	(770) 819-1286
Oregon Park	Mark and Nicole Camplen and Don Cote	3690 Largent Way	Marietta	GA	30064	(770) 421-0369
Sprayberry	Matthew Grossman and Kim Lewis Barnett	2531 East Piedmont Road	Marietta	GA	30062	(770) 578-4832
East Lake	Rebecca Doke-Artemis and William Artemis	2065 Roswell Road	Marietta	GA	30062	(770) 971-0148
Macland Pointe	Matthew Grossman and Kim Lewis Barnett	1815 Macland Road	Marietta	GA	30064	(770) 425-0035
East Cobb at Paper Mill	John and Tara Fudge	202 Village Parkway NE	Marietta	GA	30067	(404) 922-3829
Lassiter	Sean and Kristen Butler	2821 Lassiter Road NE	Marietta	GA	30062	(770) 641-8535
Cumming East	Cory Durden and Ronald Andrews	6325 Primrose Hill Court	Norcross	GA	30092	(770) 409-8732
Roswell North	Tahir Jiwan, Alia Rasheed, Anupama Menon	11160 Crabapple Road	Roswell	GA	30075	(770) 641-8670
Sandy Springs North	Amit Khurana, Raneet Kurana, Manish Bhatia and Roma Narang	460 Abernathy Road	Sandy Springs	GA	30328	(404-933-7716
Sandy Springs South	Amit and Raneet Khurana	5188 Roswell Road	Sandy Springs	GA	30342	(470) 685-1281
Smyrna West	Nitin Gulia and Supriya Dhankhar	661 Church Road	Smyrna	GA	30080	678-217-4455
Suwanee	Sandeep and Archana Kudrimoti	2050 Lawrenceville/Suwanee Road	Suwanee	GA	30024	(770) 963-1491
Johns Creek	Gary Baude and Patricia Crowe	7396 McGinnis Ferry Road	Suwanee	GA	30024	(770) 476-9024
Suwanee West	Cory Durden and Ronald Andrews	800 Peachtree Industrial Blvd.	Suwanee	GA	30024	(770) 932-3900
Woodstock	Ellen Gallagher	401 Sherwood Drive	Woodstock	GA	30188	(770) 924-0084
Woodstock East	Rhonda and James Fidanza, Shannon Wilkes	175 Village Centre East	Woodstock	GA	30188	(770) 924-9881
Ankeny at Prairie Trail	Sean and Lyndi McVey	2620 SW Vintage Parkway	Ankeny	IA	50023	515-412-3956
Urbandale	Aarif Kurji, Umesh Parekh and Ameerali Mehdi	12001 Hickman Road	Urbandale	IA	50323	(515) 201-5636
Algonquin	Zafreen Somani, Ali and Soha Gowani, Tahir Jiwan, Alia Rasheed	2300 County Line Road	Algonquin	IL	60102	224-333-0380
Carol Stream	Bivhuti Vaghani and Vishal Vaghani	1271 North County Farm Road	Carol Stream	IL	46074	630-206-3771
Long Grove	Jenny and Rich Wierzchon, Harivadan Athia, Bhargav Athia, Anil Patel, Rohan Asarawala	3985 N. Old McHenry Road	Long Grove	IL	60047	(847) 951-6420
Naperville Crossings	Daniel and Jennifer Fu	2915 Reflection Drive	Naperville	IL	60564	630-778-8825
Plainfield	Ravi Arora and Harleen Kaur	23755 West 135 Street	Plainfield	IL	60544	262-488-1065
South Elgin	Ali and Soha Gowani	450 Briargate Drive	South Elgin	IL	60177	847-468-1630
St. Charles West	Shashivadan Kerai, Mrugesh Patel, Pinal Kerai, Nilam Patel and Navichandra Patel	1940 Bricher Road	St. Charles	IL	60174	630-847-1008
WestClay	Julia Bowman	13096 Moultrie Drive	Carmel	IN	46032	(317) 873-0123
Carmel	Scott and Mindy Smith	780 West Carmel Drive	Carmel	IN	46032	317-848-8771
West Carmel	Julia and Bryan Bowman	3746 W. 98th Street	Carmel	IN	46032	317-876-0123

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Fishers Station	Alan Adams and Kimberly Terrell	7348 River Glen Drive	Fishers	IN	46038	(317) 537-0102
Gray Eagle	Harrison and Anita Boyd	12290 Olio Road	Fishers	IN	46037	(317) 577-9480
West Fishers	Kimberly Terrell and Alan Adams	12609 Parkside Dr.	Fishers	IN	46038	(317) 579-9510
Geist	Harrison and Anita Boyd	7615 Oaklandon Rd	Indianapolis	IN	46236	(317) 855-7808
Noblesville	Jackie Bell	15707 North Point Blvd.	Noblesville	IN	46060	(317) 773-4900
Bridgewater	Julia Bowman	14711 North Gray Road	Noblesville	IN	46062	(317) 848-0123
Grand Park	Julia and Bryan Bowman	18170 Grand Park Boulevard	Westfield	IN	46074	317-763-1223
Anson-Zionsville	Ron Habenicht and Leslie Brezette	6484 Central Boulevard	Whitestown	IN	46075	317-769-4990
KU Medical Center	Shalin U. Sanjanwala and Sunita S. Sanjanwala; Kaushal U. Sanjanwala and Ami K. Sanjanwala; Hemal J. Patel and Kunjan V. Patel	2205 W. 36th Avenue	Kansas City	KS	66103	913-432-2222
Leawood	Sudha and Arjun Amaran	4820 West 137th Street	Leawood	KS	66224	(913) 897-8900
North Olathe	Sunita and Shalin Sanjanwala and Hemal Patel and Ami and Kaushal Sanjanwala	11194 South Noble Drive	Olathe	KS	66061	(913) 764-0018
Blue Valley	Sadha and Arjun Amaran	8033 W. 165th Street	Overland Park	KS	66085	(913)370-9000
Overland Park	Sunita and Shalin Sanjanwala and Hemal Patel and Ami and Kaushal Sanjanwala	12100 West 135th Street	Overland Park	KS	66221	(913)400-2435
Shawnee	Anne Marie Lewis	22810 Midland Drive	Shawnee	KS	66226	(913) 416-5801
Wichita East	Rajesh and Anjana Bhakta, Jigar and Malini Bhakta	2072 North 127th Street East	Wichita	KS	67206	(316)807-8622
Wichita West	Rajesh and Anjana Bhakta	3033 N. Parkdale Circle	Wichita	KS	67205	(316) 670-0791
East Louisville	Andy and Anne Almond	1151 Dorsey Lane	Louisville	KY	40223	(502)974-4111
Old Henry Crossing	James and Anne Almond	14801 Bush Farm Road	Louisville	KY	40245	(502)727-7269
Andover	Beau and Urvi Athia	503 South Main Street	Andover	MA	01810	(978) 289-4020
Burlington	Curt and Rachel Van Emon	10 Greenleaf Way	Burlington	MA	01803	(781)265-4400
Chelmsford	Rob Parsons	205 North Road	Chelmsford	MA	01824	(978)710-6123
North Shore-Danvers	Trampas and Kristen TenBroek, Pedro and Danielle Rodrigues	308 Andover Street	Danvers	MA	01923	(978) 972-5732
Mansfield	Parag and Neha Patel, Samir and Hemali Patel	301 Copeland Drive	Mansfield	MA	02048	(508) 369-6163
Natick	Suzanne and Lonnie Cohn	296 N. Main Street	Natick	MA	01760	(508) 545-2624
Rockland	Dhanraj (Raj) Ritu Bhutda	845 Hingham Street	Rockland	MA	02370	(781) 384-5843
Woburn	Curt Van Emon	168 Lexington Street	Woburn	MA	01801	(781) 497-8388
Downtown Bethesda	Mitesh Patel and Parbhu Patel	8101 Glenbrook Road	Bethesda	MD	20814	301-656-6000
Bel Air	Rikin Parikh, Vivek Parikh, Anad Patel, Pranav Gandhi	2219 Old Emmorton Road	Bel Air	MD	21015	410-877-5497
Ellicott City	Falgunbhai Patel, Mital Patel and Viral Patel	3255 Corporate Court	Ellicott City	MD	21042	(443) 300-8331
Gambrills	Nisha Rastogi and Ketan Patel	670 MD Route 3 Southbound	Gambrills	MD	21054	(410)923-2424
Silver Spring at Layhill	Jasmili Majmudar, Jignesh & Venu Majmudar	2020 Queensguard Road	Silver Spring	MD	20906	(301) 278-2002
Canton	Hemal and Kunjan Patel, Shalin and Sunita Sanjanwala, Kaushal and Ami Sanjanwala	45215 Primrose Lane	Canton	MI	48188	734-544-1624
Andover at Crosstown	Matthew Ailey (GenRock)	15216 Bluebird St NW	Andover	MN	55304	(978) 289-4020

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Apple Valley	Melissa and Vincent Schultz	15455 Embry Path	Apple Valley	MN	55122	(952) 683-9595
Arden Hills and Shoreview	Saleem Karmaliani and Salima Mithani	4061 Lexington Avenue North	Arden Hills	MN	55126	(651) 800-6373
The Lakes at Blaine	Matthew Ailey (GenRock)	2303 124th Court NE	Blaine	MN	55449	(763) 767-4222
Champlin Park	Joe and Sarah Piket	1005 Xenia Avenue North	Brooklyn Park	MN	55443	(763)494-5500
Chanhassen	Ben and Lisa Adams	8950 Crossroads Boulevard	Chanhassen	MN	55317	(952)934-2590
Cottage Grove	Melinda and Mickey Arora	6927 Pine Arbor Drive South	Cottage Grove	MN	55016	(651) 302-7877
Eagan	Diane and Darren Storkamp	4249 Johnny Cake Ridge Road	Eagan	MN	55122	(651) 991-1477
Eden Prairie	Ben and Lisa Adams	7800 Eden Prairie Rd.	Eden Prairie	MN	55347	(952) 944-6025
Edina	Saleem Karmaliani and Salima Mithani	7399 Metro Boulevard	Edina	MN	55439	(763) 381-4971
Hugo	Matthew Ailey (GenRock)	14689 Victor Hugo Blvd	Hugo	MN	55038	(651) 528-7648
Lakeville North	Renae Hobbs and Bill Taylor	9711 163rd Street West	Lakeville	MN	55044	(952) 435-8885
Maple Grove	Joe and Sarah Piket	6975 Wedgewood Rd., N	Maple Grove	MN	55311	(763) 494-4330
Minnetonka	Dan and Cathy Keefe	17821 Highway 7	Minnetonka	MN	55345	(952) 401-0300
West Plymouth	Saleem Karmaliani and Salima Mithani	17805 Old Rockford Rd.	Plymouth	MN	55446	(763) 519-9150
South Minneapolis and Richfield	Saleem Karmaliani and Salima Mithani	6500 Richfield Parkway	Richfield	MN	55423	(612) 999-0666
Rochester	Rachel Kadlec and Laura Kroop	2600 2nd Street SW	Rochester	MN	55902	(507) 424-2660
Rogers	Laura Johnsrud and Scott Johnsrud	21035 135th Avenue North	Rogers	MN	55374	612-965-5739
Prior Lake and Savage	Saleem Karmaliani and Salima Mithani	7459 South Park Drive	Savage	MN	55378	(952) 226-4352
St. Louis Park West	Sulaiman Hemani and Saira Sidi	8955 West 36th Street	St. Louis Park	MN	55426	(952) 873-7484
St. Paul at Merriam Park	Renae Hobs and Bill Taylor	1533 Dayton Avenue	St. Paul	MN	55104	(651) 202-3144
Woodbury	Tonya and Travis Holt	10350 City Walk Drive	Woodbury	MN	55129	(651) 731-5333
Ballwin	Christine Thompson, Stephen Thompson, Michelle Parks and Kurtis Parks	15031 Manchester Road	Ballwin	MO	63011	636-220-3100
St. Charles Community College	Jacqueline Rothermich, Joseph Ruppert and Lori Ruppert	4601 Mid Rivers Mall Drive	Cottlesville	MO	63376	(636) 329-6040
Liberty	Ahsan Mirza and Bahija Maaroufi	8700 NE 82nd Street	Kansas City	MO	64158	(816) 415-3033
Ward Parkway	Cory and Brie Meschke, John and Nannette Meschke	1309 Meadown Lake Parkway	Kansas City	MO	64114	(816) 822-0000
Lee's Summit	Mithra Amaran	351 SW Kessler Drive	Lee's Summit	MO	64081	816-396-0001
O'Fallon at WingHaven	Jacqueline and Jason Rothermich	7778 Winghaven Boulevard	O'Fallon	MO	63368	(636) 281-1183
St. Charles at Heritage	Vince and Jamie Ovlia	100 Heritage Crossing	St. Peters	MO	63303	636-288-2737
West Lake	Gaurav Chaudhry and Sonali Gupta	4501 West Lake Rd	Apex	NC	27539	(919) 662-1322
Apex	Kerry Stockman	1710 Laura Duncan Road	Apex	NC	27502	(919) 339-2874
Cary	Neeti Sobti	1500 Evans Road	Cary	NC	27513	(919) 481-3901
West Cary	Leslie Moore-Martinez	2511 NC 55 Highway	Cary	NC	27519	(919) 363-2700
Chapel Hill at Briar Chapel	Brian and Melissa Mart	81 Falling Springs Road	Chapel Hill	NC	27516	(919) 441-0441
Chapel Hill East	Horace and Erin Pennington	4527 Pope Road	Durham	NC	27707	(919) 491-5686
Eastfield Village	Jennifer Christine Lauber	13105 Eastfield Village Lane	Charlotte	NC	28269	(704) 947-3266
Lake Wylie	Prachi Patel Ghadi, Trupti Patel	3960 West Arrowood Road	Charlotte	NC	28273	(704) 926-4955

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South Charlotte	Bill and Yaa McConnell	15933 Lancaster Highway	Charlotte	NC	28277	(704) 426-3650
Afton Village	Judy and Michael Walker	5401 Vinings Street NW	Concord	NC	28027	(704) 788-8860
Cornelius	Fred and Cheryl Jenkins	19640 Jetton Road	Cornelius	NC	28031	(704) 895-3300
Hope Valley Farms	Norma and Tony Munguia	702 Juliette Drive	Durham	NC	27713	(919) 484-8884
Brassfield	Matthew Ailey (GenRock)	3105 Brassfield Road	Greensboro	NC	27410	(336) 286-0500
New Irving Park	Matthew Ailey (GenRock)	4 North Pointe Court	Greensboro	NC	27408	(336) 286-8889
Holly Grove	David New and Christine New	1530 Avent Ferry Road	Holly Springs	NC	27540	(919) 567-1114
Huntersville	Fred and Cheryl Jenkins	9552 Kincey Avenue	Huntersville	NC	28078	(704) 875-7700
Austin Village	Jennifer and Mark Dennis	5407 Potter Road	Matthews	NC	28104	(704) 821-9300
Lake Norman	Doug and Becky Bradley	173 Raceway Drive	Mooresville	NC	28117	(704) 658-0460
The Park	Leslie Moore-Martinez	131 Lattner Court	Morrisville	NC	27560	(919) 468-8880
Brier Creek	Karen and Daniel Shults	11151 Salem Glen Lane	Raleigh	NC	27617	(919) 880-2416
Hilburn	Michael and Beth White	6941 Hilburn Drive	Raleigh	NC	27613	(919) 783-8222
North Raleigh	Michael and Beth White	8521 Falls of Neuse Road	Raleigh	NC	27615	(919) 329-2929
Heritage Wake Forest	Gaurav Chaudhry and Sonali Gupta	844 Heritage Lake Rd.	Wake Forest	NC	27587	(919) 453-2554
Wilmington	Robert and Samantha Martin	1401 S. 16th Street	Wilmington	NC	28401	910-409-6350
La Vista	Cole Stichler and Katie Stichler	8202 South 97th Plaza	La Vista	NE	68128	(402) 517-1153
Lincoln at Wilderness Hills	Elizabeth Tonniges and Jesse Bergman	8811 S. 28th Street	Lincoln	NE	68516	(402) 803-8525
Falling Waters	Katie DeSciose	6625 S. 193rd Avenue	Omaha	NE	68135	(402) 991-6161
Legacy	Cole and Katie Stichler	17440 Wright St.	Omaha	NE	68130	(402) 334-3337
West Maple	Cole and Katie Stichler	16015 Evans Street	Omaha	NE	68116	(531) 999-1229
Bedford Hills	Jim and Jane Barnes	3 Cooper Lane	Bedford	NH	03110	(603)472-3800
Exeter	Cari Birkhauser and Chelsey Derry	5 McKay Drive	Exeter	NJ	03833	(603) 583-3860
Berkeley Heights	Amina and Asanga Gunaratne	246 Springfield Avenue	Berkeley Heights	NJ	07922	(908)286-0900
Cherry Hill	Ankit Patel, Ketan Patel, Smruti Patel, Hetal Patel, Mayur Patel	1875 RT 70 East	Cherry Hill	NJ	08003	(856) 242-0034
East Brunswick	Nilesh and Priom Patel	138 Summerhill Road	East Brunswick	NJ	08816	(732) 723-5900
North Edison	Ketul Patel, Upasana Patel, Anad Parekh and Kinjal Parekh	23 Nevsky Street	Edison	NJ	08820	732-554-8554
Florham Park	Nisha and Raghav (Rocco) Varma	31 Columbia Turnpike	Florham Park	NJ	07932	(973)377-7724
Hillsborough	Anjli and Suketu Kothari Rimple and Anish Kothari	32 Falcon Road	Hillsborough Township	NJ	08844	(908) 222-7030
Morristown	Raghav (Rocco) Varma	200 Madison Avenue	Morristown	NJ	07960	(973) 771-4403
Mountainside	Charles and Ashley Gray	1038 Springfield Avenue	Mountainside	NJ	07092	(908)228-5589
Old Bridge	Harmanpreet and Rashi Jasdhaul	3647 US Highway 9 North	Old Bridge	NJ	8857	(732) 252-8694
Paramus	Raghav (Rocco) Varma	639 Paramus Road	Paramus	NJ	07652	(201)445-5330
Randolph	Manish and Bijal Shah	2A Middlebury Blvd.	Randolph	NJ	07869	(973) 531-7743
Wayne	Jay and Dimple Patel, Ambar and Dharati Patel	45 French Hill Road	Wayne	NJ	07470	(973) 988-3993
Las Vegas at Silverado Ranch	Jaini Jariwala and Chintan (Kris) Parikh	9975 Placid Street	Las Vegas	NV	89183	(702) 736-4246

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Las Vegas at Lone Mountain	Jaini Jariwala and Chintan (Kris) Parikh	3801 North Campbell Road	Las Vegas	NV	89129	(702) 233-2069
South Reno	Bethany and Alonzo Durham	9410 Double Diamond Parkway	Reno	NV	89521	(775) 993-3377
Manhattan at East 82nd Street	Matthew Grossman and Wendy Jones	350 E 82nd Street	Manhattan	NY	10028	(212) 457-1778
Woodbury	Rahul Alreja and Shveta Alreja	90 Crossway Park Drive West	Woodbury	NY	11797	516-921-3300
Avon	Divya and Prabhjot (Jai) Singh	1115 Nagel Road	Avon	OH	44011	(440)934-2567
Beavercreek	Colleen and Nathan Clemens, Laura Clemens	1380 N. Fairfield Road	Beavercreek	OH	45432	(937) 401-8607
Broadview Heights	Joseph and Christine Kepley	1200 W. Royalty Road	Broadview Heights	OH	44141	(440)568-0660
Canal Winchester	Natosha and Ehab Eskander	6375 Winchester Blvd.	Canal Winchester	OH	43110	(614) 310-4950
Centerville	Hollie and Jason Cambria	2550 East Alex Bell Rd	Centerville	OH	45459	(937) 432-6000
P&G at GO	Roland and Dona Young	400 New Street	Cincinnati	OH	45202	(513) 421-9300
P&G at Winton Hill	Roland and Dona Young	6331 Center Hill Avenue	Cincinnati	OH	45224	(513) 242-8888
Symmes	Susan Mattick	9175 Governors Way	Cincinnati	OH	45249	(513) 697-6970
Grandview	Natosha and Ehab Eskander	1313 Olentangy River Road	Columbus	OH	43212	(614)839-9300
Columbus Downtown	Natosha and Ehab Eskander	101 E. Town Street	Columbus	OH	43215	(614) 429-1900
Grandview	Natosha and Ehab Eskander	1313 Olentangy River Road	Columbus	OH	43212	(614) 839-9300
Reynoldsburg	Natosha and Ehab Eskander	60 N. Brice Road	Columbus	OH	43213	(614)504-4363
Upper Arlington	Jason and Deanna McGee	2941 Kenny Road	Columbus	OH	43221	(614) 451-2000
Dublin at Riverside	Natosha and Ehab Eskander	6445 Abbey Lane	Columbus	OH	43017	(614) 812-6800
Yankee	Hollie and Jason Cambria	10901 Yankee Road	Dayton	OH	45458	(937)885-6100
Dublin	Carmen and Jeff Caldwell, Mike and Carol Bahr	6415 Post Rd	Dublin	OH	43019	(614) 408-3732
Johnstown Road	Natosha and Ehab Eskander	1101 E. Johnstown Road	Gahanna	OH	43230	(614) 775-0899
Pinnacle	Natosha and Ehab Eskander	1239 Lampligher Drive	Grove City	OH	43123	(614) 270-1559
Hilliard at Mill Run	Natosha and Ehab Eskander	4230 Trueman Boulevard	Hilliard	OH	43026	(614)777-5535
Hilliard West	Matthew and Annelies Condon	4370 Creekbend Drive	Hilliard	OH	43026	(614)527-6973
Hudson	David and Jana Massary	1295 Corporate Drive	Hudson	OH	44236	(330)653-3388
Marysville	Matthew and Annelies Condon	1600 Cobblestone Way	Marysville	OH	43040	(937)642-0262
Mason	Candace Peace and Ruthann Peace	5888 Snider Rd	Mason	OH	45040	(513) 336-6756
North Ridgeville	Divya and Prabhjot (Jai) Singh	32121 Cook Road	North Ridgeville	OH	44039	(440) 941-2567
Lewis Center	David and Katherine Giancola	US RT 23 & Evergreen Ave.	Orange Township	OH	43065	(740) 548-5808
Perrysburg	Aaron and Sarah Churchill	7123 Lighthouse Way	Perrysburg	OH	43551	(419) 214-0041
Pickerington	Natosha and Ehab Eskander	131 Clint Drive	Pickerington	OH	43147	(614) 575-9930
Golf Village	Natosha and Ehab Eskander	8771 Moreland Street	Powell	OH	43065	(740) 881-5830
Solon	Jana and David Massary	32995 Solon Road	Solon	OH	44139	(440) 914-4005
South Lebanon	Candice Peach, Ruthann Peace and Mark Norvel	719 Corwin Nixon Blvd.	South Lebanon	OH	45065	(513)770-0048
Strongsville	Neha Dayakar and Kanak Chatterjee	18713 Pearl Road	Strongsville	OH	44136	(440) 253-9922
West Chester	Roland and Dona Young	8378 Princeton-Glendale Road	West Chester	OH	45069	(513)870-0630
Polaris	Natosha and Ehab Eskander	561 Westar Boulevard	Westerville	OH	43082	614-899-2588

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Westlake	Divya and Prabhjot (Jai) Singh	25400 Center Ridge Road	Westlake	OH	44145	440-834-2567
Worthington	Tobie and Dan Simonds	6902 North High Street	Worthington	OH	43085	614-888-5800
Broken Arrow	Gitika Patel and Manish Patel	1701 W. Albany Street	Broken Arrow	OK	74012	(918) 355-6827
East Edmond	Andrea Choate, Ashley Hughes, Colley Andrews, Sarah Albahadily and Kimberly Curran	2500 East 2nd Street	Edmond	OK	73034	(405) 306-9559
Edmond	Jon and Sharon Tanner	15000 N. Western Ave.	Edmond	OK	73013	(405) 285-6787
Norman	Nosakhare and Collette Akhimiona	3220 Healthplex Drive	Norman	OK	73072	405-801-3301
Southwest Oklahoma City	Helen Morris and Angela Martin	1520 SW 119th	Oklahoma City	OK	73170	(405) 793-6000
NW Oklahoma City	Ashley Hughes, Colley Andrews, Andrea Choate and Sarah Albahadily	6101 NW 139th Street	Oklahoma City	OK	73142	(405) 721-2200
South Tulsa	Andrew and Kelli Miller	10185 S. 85th E. Ave.	Tulsa	OK	74133	(918) 364-0021
Yukon	Alicia and Brandon Abla, Kimberly and Jacob Waterman	725 N. Mustang Road	Yukon	OK	73099	405-467-5100
Silicon Forest	Piyoosh Jalan and Neha Jalan	7296 NW Imbrie Dr.	Hillsboro	OR	97124	(971) 206-6030
Exton	Rhagav (Rocco) Varma and Satya Varma	363 West Lincoln Highway	Exton	PA	19341	(610) 968-1441
Concordville	Alpesh Patel, Ghanshyambhai Patel, Raghav (Rocco) Varma	20 Lacrue Avenue	Glen Mills	PA	19342	(484) 841-6025
Peters Township	Paul and Sara Sartori	164 Waterdam Road	McMurry	PA	15317	724-487-1258
Center City Philadelphia	John and Allison Maher	1635 Market Street Suite 104	Philadelphia	PA	19103	(215) 545-1920
Royersford	John Sorber and Diane Szamborski	259 Royersford Road	Royersford	PA	19468	(610) 792-3030
Wexford	Robert and Elizabeth Meeder	2598 Wexford Bayne Road	Sewickley	PA	15143	(412) 585-8307
Fort Mill	Arthdale Brown, Donald Brown, Gervonia and Gillian Robinson	1212 Gold Hill Road	Fort Mill	SC	29730	(803) 548-0777
Greenville	Lauren and Tim Briles, Lyle and Sharon Killey	404 Houston Street	Greenville	SC	29601	(864) 370-8118
Midtown Greenville	Laren and Tim Briles, Lyle and Sharon Killey	19 Villa Road	Greenville	SC	29615	(864) 322-3288
Pelham	Frederick and Stacy Schroder, Joseph and Stacie Bryant	122 Milestone Way	Greenville	SC	29615	(864) 363-6711
Mount Pleasant	Jeff and Carmen Caldwell	2674 Brickside Lane	Mount Pleasant	SC	29466	(843) 972-2604
Simpsonville at Five Forks	Meggie and Joe (Buck) Bradberry	2255 Woodruff Road	Simpsonville	SC	29681	(864)757-1191
Brentwood	Amy James and Susan Poling	5320 Maryland Way	Brentwood	TN	37027	(615)370-8305
East Brainerd	Lisa Laplante and Dan Case	Lisa Laplante 1619 Gunbarrel Road	Chattanooga	TN	37421	(423) 499-5584
Cool Springs	Cynthia Facemire	1010 Windcross Court	Franklin	TN	37067	(615) 771-3001
East Franklin	Rebecca Frizzell and Cynthia Facemire	100 Creekstone Blvd.	Franklin	TN	37067	(615) 771-3331
Hendersonville	Lynn Johnson	107 Springhouse Court	Hendersonville	TN	37075	(615) 338-4361
Hixson	Dan Case and Lisa Laplante	1985 Northpoint Blvd.	Hixson	TN	37343	(423) 870-4840
Farragut	Christopher and Courtney Brinkmann	120 Coach Road	Knoxville	TN	37934	(865)966-7673
Hardin Valley	Christopher and Courtney Brinkmann	2326 Cherahala Blvd.	Knoxville	TN	37932	(865) 470-6760
West Knoxville	Christopher and Courtney Brinkmann	267 S. Peters Road	Knoxville	TN	37923	(865) 288-7491

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Nashville Midtown	Amy James, Susan Davis, Anthony Emmanuel	1915 Charlotte Avenue	Midtown Nashville	TN	37203	615-750-5491
Mt. Juliet	Mohit Patel, Anil Patel, Prakash Patel, Krupa Patel	111 Belinda Parkway	Mt. Juliet	TN	37122	615-773-7070
Murfreesboro	Susan and Grant Burrow	554 Brandies Circle	Murfreesboro	TN	37128	615-848-5301
North Murfreesboro	Tim and Julie Henry	2308 Wendelwood Drive	Murfreesboro	TN	37129	(615) 848-8440
Spring Hill	Tim and Julie Henry	3090 Campbell Station Parkway	Spring Hill	TN	37174	615-302-8544
Lakeway	Christy and Jared Black, Robert Gandy	601 Ranch Road, 620 South	Lakeway	TX	78734	(512) 960-5245
West Allen	Alan and Shannan Arbabi	106 Tatum Drive	Allen	TX	75013	(972) 359-8805
East Allen	Joshua and Tiffany McLeod	1604 East Exchange Pkwy.	Allen	TX	75002	(214) 547-7267
Amarillo Southwest	Neeti and Ravi Patel	4535 Van Winkle Drive	Amarillo	TX	79119	(806) 418-2210
NE Green Oaks	Lynn Groff	1900 NE Green Oaks Blvd.	Arlington	TX	76006	(817) 543-2626
Southwest Arlington	Sherman Hatch	4621 West Sublett Road	Arlington	TX	76017	(817) 478-6160
Atascocita	Matthew and Anne Evers	20027 West Lake Houston Parkway	Atascocita	TX	77044	(281) 812-6361
Austin at Mueller	Christy and Jared Black, Robert Gandy	2200 Aldrich Street, Suite 130	Austin	TX	78723	(512) 668-1010
Bee Cave	Christy Black, Robert Gandy and Robert Dillard	3801 Juniper Trace	Austin	TX	78738	(512) 263-0388
Four Points	Theo and Anna Thompson, Carmon Cheng and Peter Hsu	6606 Sitio del Rio Blvd	Austin	TX	78730	(512) 795-9101
Pflugerville at Falcon Pointe	Theo and Anna Thompson, Kimberly Graham	17721 Colorado Sands Drive	Austin	TX	78660	(512) 573-7636
Shady Hollow	Theo and Anna Thompson, Keith and Lisa Hegner	12341 Brodie Lane	Austin	TX	78748	(512) 282-2341
Southwest Austin	Shannan and Chris Rolfsen	4920 Davis Lane	Austin	TX	78749	512-292-7792
West Lake Hills	Christy and Jared Black, Robert Gandy	3423 Bee Cave Road, Suite A	Austin	TX	78746	(512) 689-8839
Bedford	Joyce and Michael Konrad	3916 Central Drive	Bedford	TX	76021	(817) 545-5485
West Carrollton	Sunita and Micky Mirchandani	4028 Nazarene Drive	Carrollton	TX	75010	(972) 939-4475
Castle Hills	Priscilla and Tom Chow	1824 King Arthur Blvd.	Carrollton	TX	75010	(972) 899-2273
Vista Ridge	Kasey Redus and Clare France	910 North Vista Ridge Blvd.	Cedar Park	TX	78613	(512) 260-0708
Cedar Park West	Jay and Robin Fischer	2021 Little Elm Trail	Cedar Park	TX	78613	(512) 250-2400
College Station	Ron and Darci Merrill	1021 Arrington Road	College Station	TX	77845	979-485-9876
Conroe	Ric and Jennifer Millington	1011 Longmire Road	Conroe	TX	77304	936-756-8100
Coppell	Leslie Graves and Paul Graves	275 East Parkway Blvd.	Coppell	TX	75019	(972) 304-8888
Barker-Cypress	Susan and Jim Tanner	16555 Dundee Road	Cypress	TX	77429	(281) 225-0123
Bridgeland	Susan and Jim Tanner	18717 Bridgeland Creek Parkway	Cypress	TX	77433	(346) 332-0123
Bent Trail	Joyce and Michael Konrad	18601 Preston Road	Dallas	TX	75254	(972) 380-1275
Klyde Warren Park	Noel Rigley	1909 Woodall Rogers Expressway	Dallas	TX	75201	856-771-1696
Park Cities	Noel Rigley	4011 Inwood Road	Dallas	TX	75209	469-941-6033
Prestonwood	Noel Rigley	15237 Montfort Drive	Dallas	TX	75248	469-791-9131
Preston Hollow	David and Julia Shelton	10715 Preston Road	Dallas	TX	75230	214-369-7774
White Rock	David and Julia Shelton, Brittany Miciotto	718 North Buckner Blvd #200	Dallas	TX	75218	(214) 321-7797
Dripping Springs	Chris Rolfsen and Jerry Gillies	13832 Sawyer Ranch Road	Dripping Springs	TX	78620	(512) 751-1500
NE Flower Mound	Sheldon and Shelley Connell	3939 Morriss Rd.	Flower Mound	TX	75028	(972) 691-3815
Wellington	Joyce and Michael Konrad, Leslie and Paul Graves	3708 Flower Mound Road	Flower Mound	TX	75022	(972) 691-9595

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Fort Worth at Mira Vista	William and Kristy Smith	6410 Bryant Irwin Road	Fort Worth	TX	76132	(817) 880-0499
Fort Worth West	Christi Brownlow and Glenn Hadsall	3777 Westridge Ave.	Fort Worth	TX	76116	(817) 223-3451
NW Fort Worth	Karen Lund and Jessica Fielder	9840 Blue Mound Road	Fort Worth	TX	76131	(817) 232-9900
Forney at Gateway	Marvin and Sabrina Bramlett	1451 Whaley Drive	Forney	TX	75126	(214) 425-6989
Friendswood	Linda and Gene Arthur	1409 S. Friendswood Drive	Friendswood	TX	77546	(281) 648-7773
Frisco at Independence	Joyce and Michael Konrad	14477 Lebanon Road	Frisco	TX	75035	(469) 347-0654
Prestmont	Dedee and Kevin Gebhardt	4115 Ohio Drive	Frisco	TX	75035	(972) 712-7746
Lakehill	Mick Twomey, Patricia Behmand, Christine Edwards	5349 Lakehill Blvd.	Frisco	TX	75034	(972) 668-4300
Griffin Parc	Dedee and Kevin Gebhardt	4625 Eldorado Parkway	Frisco	TX	75034	(214) 618-2700
Frisco at Main and Teel (Griffin Parc West)	Dedee and Kevin Gebhardt	9166 Teel Parkway	Frisco	TX	75304	(469)362-8770
Frisco West	Noel Rigley	333 W. Lebanon	Frisco	TX	75034	214-469-1381
Alliance	Karen Lund and Jessica Fielder	10901 Founders Way	Ft. Worth	TX	76177	817-489-9990
Parkwood Hill	Mehul and Priya Lalloobhai	7451 Parkwood Hill Blvd.	Ft. Worth	TX	76137	(817) 281-5322
Columbus Trail	William and Kristy Smith	5330 Columbus Trail	Ft. Worth	TX	76123	(817) 423-4000
Eagle Ranch	Karen Lund and Jessica Fielder	3125 Eagle Ranch Blvd.	Ft. Worth	TX	76179	(817) 236-6760
Firewheel	Mehul and Priya Lalloobhai and Harshad Lalloobhai	5074 George Bush Frwy.	Garland	TX	75040	(972) 496-0011
Georgetown	Tina Folts and Robert Cory Folts	2205 Wolf Ranch Parkway	Georgetown	TX	78628	512-868-4000
Rancho Sienna	Steven Elliott and Heather Elliott	705 Via de Sienna Blvd.	Georgetown	TX	78628	512-868-4000
Grand Peninsula	Sherman Hatch	2430 N. Grand Peninsula Drive	Grand Prairie	TX	75054	(817) 477-0077
Grapevine-Colleyville	Josh and Rosemary Briggle	2300 Hall-Johnson Rd.	Grapevine	TX	76051	(817) 416-0404
Hickory Creek	Melissa Horton	1011 Ronald Reagan Ave.	Hickory Creek	TX	75065	(940) 270-0444
Highland Village	Wendy and Rony Ghattas	2100 Highland Village Rd.	Highland Village	TX	75077	972-317-9332
Copperfield	Matthew and Anne Evers	15550 Ridge Park Drive	Houston	TX	77095	(281) 858-5600
Garden Oaks	Larry and Brandi Muse	919 Judiway Street	Houston	TX	77018	713-290-0955
Summerwood	Larry and Brandi Muse	14002 W. Lake Houston Pkwy	Houston	TX	77044	(281) 454-6000
Crossroads Park	Matthew and Anne Evers	9701 Wortham Blvd.	Houston	TX	77065	(281) 469-3500
Eldridge Parkway	Lou Ann and Michael McLaughlin	2150 Eldridge Parkway	Houston	TX	77077	(281) 589-1500
Galleria	Nebal Nemry and Alex Nemri	5015 Westheimer Road	Houston	TX	77056	713-559-8668
Greenway Plaza	Sotirios and Estela Papadopulos, Estafania Papadopulos	3 Greenway Plaza Suite 100	Houston	TX	77046	713-888-0848
Clear Lake	Mary Nguyen and Chris Hoang	2411 Falcon Pass Drive	Houston	TX	77062	281-218-8282
The Westchase District	Henry and Anne Emery, Michael and Lou Ann McLaughlin	3191 Briar Park Drive	Houston	TX	77042	713-783-9800
Lakeshore	Larry and Brandi Muse	16460 W. Lake Houston Pkwy	Houston	TX	77044	(281) 454-5000
Upper Kirby	Sotirios and Estela Papadopulos	3001 Richmond Ave.	Houston	TX	77098	(713) 522-6700
Fall Creek	John and Andrea Schoel	14950 Mesa Drive	Humble	TX	77396	(281) 459-2023
Eagle Springs	Charlie and Paula Morgan	17979 Eagle Springs Parkway	Humble	TX	77346	281-852-8000
The Mid-Cities	Stephanie Barfknecht and Terry Taylor	500 Mid-Cities Blvd.	Hurst	TX	76054	(817) 485-8993
Valley Ranch	Kelly and Marti Davis	577 Cimarron Trail	Irving	TX	75063	(972) 409-9577

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Las Colinas	Erin Stewart and Marla Jenkins	700 Fluor Drive	Irving	TX	75039	(972) 831-1000
Cinco Ranch	Lou Ann and Michael McLaughlin	1540 Peek Road	Katy	TX	77493	(281) 693-7711
Kelliwood	Lou Ann and Michael McLaughlin	2402 Westgreen Blvd.	Katy	TX	77450	(281) 828-1600
North Mason Creek	Lou Ann and Michael McLaughlin	21480 Park Row Blvd.	Katy	TX	77449	(281) 492-7400
West Cinco Ranch	Lou Ann and Michael McLaughlin	26900 Cinco Ranch Boulevard	Katy	TX	77494	281-347-1212
Woodcreek Reserve	Lou Ann and Michael McLaughlin	1249 FM 1463	Katy	TX	77494	(281) 371-0099
Keller	Stephanie Barfknecht and Terry Taylor	905 Bear Creek Pkwy	Keller	TX	76248	(817) 337-0717
Heritage	Karen Lund and Jessica Fielder	4700 Heritage Trace Parkway	Keller	TX	76248	(817) 741-5044
Kingwood	John and Andrea Schoel	2311 Green Oak Drive	Kingwood	TX	77339	(281) 387-1266
Kingwood at Oakhurst	John and Andrea Schoel	19514 Northpark Drive	Kingwood	TX	77339	(281) 312-1150
Lantana	Tim and Robin McCormick, Frank and Erin Lundie	7020 Justin Road	Lantana	TX	76226	(940) 455-2550
League City at South Shore	Rumel and Elaine Medina	3025 South Shore Blvd.	League City	TX	77573	(281) 334-5490
League City at Victory Lakes	Gene and Linda Arthur	2632 West Walker Street	League City	TX	77573	281-337-0450
Crystal Falls	Jay and Robin Fischer	1781 Osage Drive	Leander	TX	78641	(512) 259-6900
North Lewisville	Jamie and Brian Bacon	1480 N. Valley Pkwy.	Lewisville	TX	75067	(972) 434-4001
Old Orchard	Sheldon and Shelley Connell	1253 West FM 3040	Lewisville	TX	75067	(972) 315-9495
Lubbock South	Jayne Lynn Andrus	10930 York Avenue	Lubbock	TX	79424	(806) 993-5025
Walnut Creek	Sherman Hatch	2201 Matlock Road	Mansfield	TX	76063	(817) 477-0880
Eldorado	Joyce and Michael Konrad	3999 Eldorado Parkway	McKinney	TX	75070	(972) 529-2091
Midland at Westridge	Lou Ann and Michael McLaughlin	6100 Deauville Blvd.	Midland	TX	70706	(432) 520-1000
Sienna	Rummel and Elaine Medina, Ann Wade	4400 Sienna Parkway	Missouri City	TX	77459	(281) 431-8687
Pearland	Sotirios and Estela Papadopulos	2350 County Road 94	Pearland	TX	77584	(713) 436-4120
Pearland Parkway	Sotirios and Estela Papadopulos	2240 Pearland Parkway	Pearland	TX	77581	(281) 997-8855
West Pearland	Sotirios and Estela Papadopulos	1751 Kirby Drive	Pearland	TX	77584	713-436-0404
Plano at Preston Meadow	Noel Rigley	5801 Coit Road	Plano	TX	75093	(972) 964-6826
Chase Oaks	Arshad and Arshia Nizam	6525 Chase Oaks Blvd.	Plano	TX	75025	(972) 517-1173
Plano at Deerfield	Noel Rigley and Arya and Kelly Arbabi	4100 Hedgcoxe Road	Plano	TX	75024	(972) 208-1754
Plano at Headquarters	Joyce and Michael Konrad, Leslie and Paul Graves	6788 Headquarters Drive	Plano	TX	75024	(972) 682-3315
West Plano	Kelly and Marti Davis	6480 West Plano Parkway	Plano	TX	75093	972-403-3444
South Plano	Najiyyah Crayton	1740 Custer Road	Plano	TX	75075	972-423-6999
Windsong Ranch	Mike and Benita Casey	1050 Gee Road	Prosper	TX	75078	(972) 787-9971
Prosper	Mike and Benita Casey	1185 La Cima Boulevard	Prosper	TX	75078	972-347-2767
Stone Brooke	Joyce and Michael Konrad	4301 East Renner Rd	Richardson	TX	75082	(972) 529-6863
Breckinridge Park	Joyce and Michael Konrad	4301 E. Renner Rd.	Richardson	TX	75082	(972) 671-5437
Richardson	Zehra Chawla and Syed Ali	1100 Jonsson Blvd	Richardson	TX	75080	(972) 730-7673
North Richardson at Lookout	Joyce and Michael Konrad, Leslie and Paul Graves	2425 N. Plano Road	Richardson	TX	75082	469-514-2670
Waterside Estates	Kelly and Jason Hammons	1810 Lewisville Drive	Richmond	TX	77469	(281) 342-2900
Rockwall	Arshad and Arshia Nizam	3115 Ridge Road	Rockwall	TX	75032	(972) 772-0180

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
North Rockwall	Arshad and Arshia Nizam and Lubna Nizam	3068 N. Goliad Street	Rockwall	TX	75087	(469) 543-9570
Round Rock	Chris Rolfsen and Jerry Gillies	15925 Great Oaks Dr.	Round Rock	TX	78681	(512) 733-2020
Round Rock at Forest Creek	Kevin and Reena Bhakta	3313 Forest Creek Drive	Round Rock	TX	78664	(512) 828-5777
Round Rock North	Kevin and Reena Bhakta	4271 Sunrise Road	Round Rock	TX	78665	(512)310-8033
Rowlett	Marilyn Aragon	8401 Liberty Grove Road	Rowlett	TX	75089	(972) 463-2655
Alamo Ranch	Laura and John Guerrero	11161 Westwood Loop	San Antonio	TX	78253	(210) 394-6900
Bulverde Road	Donn and Kenny Glorioso	18207 Bulverde Road	San Antonio	TX	78259	(210) 494-9900
Stone Oak	Nisha and Amin Mohamed	689 Knights Cross Drive	San Antonio	TX	78258	(210) 481-1913
Sonoma Ranch	Monica and Terry Snow	14875 Kyle Seale Pkwy	San Antonio	TX	78255	(210) 372-1488
Huebner Village	Laura and John Guerrero	2410 Huebner Park	San Antonio	TX	78248	(210) 479-9200
Cibolo Canyons	Colleen and Ryan Hord	3330 TPC Parkway	San Antonio	TX	78261	(210)479-7099
Schertz	Lawrence and Natalie O'Connor	4993 Schertz Parkway	Schertz	TX	78154	(210) 228-0608
Southlake	Josh and Rosemary Briggle	155 South Kimball Ave.	Southlake	TX	76092	(817) 421-8087
Hidden Lakes	Josh and Rosemary Briggle	1100 Davis Blvd.	Southlake	TX	76092	(817) 337-4666
Champions	Kevin and Reena Bhakta, Snehal and Nancy Bhakta	16811 Shadow Valley Dr.	Spring	TX	77379	(281) 655-7444
Spring-Klein	Don and Arlena McLaughlin	22003 Bridgestone Lane	Spring	TX	77388	(281) 350-9595
Imperial Oaks	Don and Arlena McLaughlin	2114 Rayford Road	Spring	TX	77386	(281) 364-7400
Harmony	Don and Arlena McLaughlin	3433 Discovery Creek Blvd.	Spring	TX	77386	(281) 907-6900
First Colony	Sotirios and Estela Papadopulos, Estafania Papadopulos	4605 Austin Parkway	Sugar Land	TX	77479	(281) 565-2707
Sugar Land	Martin and Lisa Cameron	1315 Soldiers Field Dr.	Sugar Land	TX	77479	(281) 277-8585
Greatwood	Matthew and Anne Evers	6550 Greatwood Parkway	Sugar Land	TX	77479	(281) 343-8889
Temple	Noel Rigley	6708 W. Adams Avenue	Temple	TX	76502	214-940-7494
The Woodlands at Sterling Ridge	Don and Arlena McLaughlin	6909 Lake Woodlands Drive	The Woodlands	TX	77382	(281) 681-3500
The Woodlands at College Park	Don and Arlena McLaughlin	6403 College Park Drive	The Woodlands	TX	77384	(936) 321-5900
The Woodlands at Creekside Park	Don and Arlena McLaughlin	26025 Strake Drive	The Woodlands	TX	77389	(281)351-7300
The Woodlands at Hughes Landing	Don and Arlena McLaughlin	1720 Hughes Landing Blvd.	The Woodlands	TX	77380	(281) 292-7400
Spring Cypress	Darci and Ron Merrill	11616 Spring Cypress Road	Tomball	TX	77377	(281)251-6300
Waco at Woodway	Noell Rigley, Jo McLaughlin	118 Burnett Court	Waco	TX	76712	(214) 940-7494
Westlake at Entrada	Mandi and Kevin McCombs	26 Arta Drive	Westlake	TX	76262	(817) 773-8811
Wylie	Anita and Deepak Madhav	16115 West Brown Street	Wylie	TX	75098	469-318-2335
Aldie	Eric and Amanda McDaniel	25300 Kinsale Place	Aldie	VA	20105	703-348-5615
Arlington	Saniya Dhala and Zahra Isani	2107 Wilson Blvd.	Arlington	VA	22201	(703) 565-9800
Ashburn	Adela and Victor Taboada	44830 Lakeview Overlook Plaza	Ashburn	VA	20147	703-724-9050
Moorefield Station	Kim and Mike Hummer	43345 Bissell Terrace	Ashburn	VA	20148	703-726-9306
Atlee Commons	Amit and Bhavnita Thakor	9650 Atlee Commons Drive	Ashland	VA	23005	(804) 550-3400

SCHOOL NAME	OWNERS	ADDRESS	CITY	ST	ZIP	TELEPHONE
Bristow	Tom and Vikki Cheng	9101 Balaton Lake Lane	Bristow	VA	20136	703-479-7918
Ashburn at Broadlands	Adela and Victor Taboada	21367 Shale Ridge Court	Broadlands	VA	20147	(703) 724-4200
Chantilly	Ash and Kathy Sheanh	3460 Historic Suly Way	Chantilly	VA	20151	(703) 437-1600
South Riding	Eric and Amanda McDaniel	43705 Eastgate View Drive	Chantilly	VA	20152	703-327-2400
Cahoon Commons	Claudia Macon and Tonya Gill	660 Grassfield Parkway	Chesapeake	VA	23322	(757) 842-6589
Edinburgh Commons	Claudia Macon and Tonya Gill	213 Carmichael Way	Chesapeake	VA	23322	757-410-8622
Ironbridge Corner	Georgia Wiley	11351 Iron Creek Road	Chester	VA	23831	(804) 751-0233
Twin Hickory	Angela and Stefan Richter, Heather and Bobby Moore	4801 Twin Hickory Lake Dr	Glen Allen	VA	23059	(804) 364-6540
Haymarket	Georgia Wiley	6540 Trading Square	Haymarket	VA	20169	703-754-2800
Swift Creek	Leighanne and Stephen Chilmaid	4750 Brad McNeer Parkway	Midlothian	VA	23112	(804) 744-0787
Midlothian Village	Benita and Marcus Petrella	13801 Village Place Drive	Midlothian	VA	23114	(804) 378-8773
Midlothian at Waterford	Leighanne and Stephen Chilmaid	13300 Tredegar Lake Parkway	Midlothian	VA	23114	804-639-1011
Leesburg at Potomac Station	Denise and Glasford Hall	101 Pipestone Plaza NE	Leesburg	VA	20176	(703) 537-6596
Reston	Sunny Patel and Sima Patel	1309 N. Village Road	Reston	VA	20194	571-308-6577
Westerre Commons	Angela and Stefan Richter, Heather and Bobby Moore	3855 Westerre Parkway	Richmond	VA	23233	(804) 290-7969
Virginia Beach South	Rob Siemers and Rita Strijker	1989 Fisher Arch	Virginia Beach	VA	23456	757-721-2200
North Bellevue	Jon Erik; Shannon, Roger and Dianne Peterson	1150 114th Avenue SE	Bellevue	WA	98004	206-992-2998
Bothell	Pankil Patel, Mohit Patel and Prakash Patel	17511 Bothell Way NE	Bothell	WA	98011	(425) 368-5777
Mill Creek	Ed and Larisa Hamilton	13305 44th Avenue SE	Mill Creek	WA	98012	(425) 225-6944
Middleton	Amanda and Mark Kienbaum, Barbara and William Kienbaum	3000 Deming Way	Middleton	WI	53562	(608) 841-1684

B. The following franchisees had signed Franchise Agreements, but had not opened the related Facilities as of December 31, 2022:

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
ALABAMA			
Future Site of	Madison West, AL	Glenn and Amy Gallagher, Anthony and Allison Fenuccio	(404) 433-5659
ARIZONA			
Future Site of	East Scottsdale, AZ	Karen and Michael Verlardi	(602) 527-0442
Future Site of	Ocotillo, AZ	Anita Patel and Pramodkumar Patel; Mayurkumar Patel;Pankaj T. Patel and Rita Patel	(480) 452-5199
ARKANSAS			
Future Site of	Bentonville, AR	Eduardo Galindo Alvarez and Maria Fernanda De Larranaga Roch; Brandon Joel Campbell and Erin Campbell	(479) 271-0852
Future Site of	Fayetteville, AR	Eduardo Galindo and Maria Fernandea De Larranaga	(479) 426-3926
CALIFORNIA			
Future Site of	Danville, CA	Karim and Samira Ramzanali; Aarif and Samina Kurji	(214) 228-8255
Future Site of	Dublin, CA	Aarif and Samina Kurji	(214) 228-8255
Future Site of	Hillsborough, CA	Mitesh and Hina Patel	(650) 533-1650
Future Site of	Los Gatos, CA	Mohit & Bejal Patel, Anil Patel, Prakash Patel, Pankil Patel	(240) 447-1373
Future Site of	Milpitas, CA	Simaben Shah and Amar Chokhawala	(408) 836-1606
Future Site of	Morgan Hill, CA	Madhuri Ganta and Srikumar Iyengar	(408) 580-4483
Future Site of	Mountain View North	Pooja Kattimani and Raghu Navaglund	(408) 505-1074
Future Site of	Redwood City, CA	Aarif N. Kurji and Shafiq Thobani	(214) 228-8255
Future Site of	Robertsville, CA	Sima Shah, Amar Chokhalwala, Monica Villalobos	(408) 836-1606
Future Site of	San Mateo, CA	Aarif Kurji	(214) 228-8255
Future Site of	San Ramon, CA	Piyoosh Jalan and Neha Jalan, Kamal Singh	(408) 348-9445
Future Site of	Santa Clara	Simaben Shah and Amar Chokhawala	(408) 836-1606
Future Site of	South Fremont, CA	Piyoosh and Neha Jalan,Kamal Singh	(408) 348-9445
Future Site of	Sunnyvale South, CA	Pankil B. Patel and Lipi P. Patel; Anil B. Patel and Sapna Patel; Mohit B. Patel and Bejal D. Patel, Prakash J. Patel and Medha G. Patel	(240) 447-1373
Future Site of	TBD	Arjun Mehta, Nikhil Mehta and Kavita Mehta	(310) 529-3175
Future Site of	Tracy, CA	Gitanjali and Surendra Akam	(425) 245-3011
Future Site of	Walnut Creek, CA	Aarif N. Kurji and Samina A. Kurji	(214) 228-8255
COLORADO			
Future Site of	Denver Highlands, CO	Bryce, Emily and Larry Durke	(505) 319-1215
Future Site of	Firestone, CO	Barbur Siddique and Fiza Durrani	(512) 695-3707
Future Site of	North Erie, CO	Kent and Rebecca Cookson, Christopher Lang and Shannan Meyer	(303) 478-5100
Future Site of	Platt Park, CO	Michele Timothy Alexander	(303) 668-4770
FLORIDA			
Future Site of	Davie, FL	Stephanie and Michael Welsh, Valencia Ducheine	(352) 256-5558
Future Site of	Maitland, FL	Jennifer and Sean Smith	(816) 914-5641
Future Site of	Pembroke Pines, FL	Poorab and Lakshmi Kapadia	(954) 854-6518
Future Site of	Royal Palm Beach, FL	Arthur, Belinda and Robert Keiser	(954) 612-6532

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
Future Site of	Sarasota, FL	Matthew Ailey (GenRock)	(423) 736-0909
Future Site of	Seven Springs, FL	Ketan Patel, Smruti Patel, Sanjay Patel	(301) 455-5383
Future Site of	TBD, FL	Matthew Ailey (GenRock)	(423) 736-0909
Future Site of	UCF Orlando, FL	Nathan (Nate) and Carmela (Lina) Parrott	(407) 928-7333
Future Site of	Viera, FL	Homeshchand Permashwar, Tiffany Canterbury, Joseph Janeczek Jr.	(718) 877-2884
Future Site of	Wesley Chapel, FL	Matt and Penny McCallister	(407) 766-8937
Future Site of	Westlake, FL	Matthew Ailey (GenRock)	(423) 736-0909
Future Site of	Windermere, FL	Manoj and Seema Naik	(321) 274-5174
GEORGIA			
Future Site of	Decatur, GA	Laura and Paul Stechmesser	(404) 310-4401
Future Site of	Marietta (Windy Hill), GA	Jennifer Bunting-Graden, George Elba and Victor Elba	(404) 664-3064
Future Site of	Midtown-All Saints, GA	Carl and Keri Stoltz	(404) 414-9100
Future Site of	Milton, GA	Sandeep and Archana Kudrimoti	(678) 395-8219
Future Site of	Roswell East, GA	Simon and Kathy Edwards, Hannah and Myung Kim	(678) 469-5589
Future Site of	Savannah Midtown, GA	Nancy and Adam Martin	(912) 656-8798
Future Site of	Vinings, GA	Jennifer Bunting-Graden, George Elba, Victor and Elizabeth Elba	(404) 664-3064
IDAHO			
Future Site of	TBD Boise, ID	Brenda and Bradley Shafer	(602) 284-4251
Future Site of	TBD Boise, ID	Brenda and Bradley Shafer	(602) 284-4251
Future Site of	TBD Boise, ID	Jessie and Shannon Robnett	(208) 908-8141
ILLINOIS			
Future Site of	North Naperville. IL	Diego Diaz-Puentes and Laura Montes Rodriguez	(316) 854-7712
Future Site of	South Naperville, IL	Ravipal Singh Arora and Harleen Kaur	(262) 488-1065
Future Site of	West Aurora, IL	Shashivadan V. Kerai, Pinal S. Kerai, Mrugesh N. Patel, Nilam B. Patel and Navinchandra K. Patel	(269) 267-7267
Future Site of	Wheaton, IL	Stephen and Christa Stalcup	(502) 545-1513
INDIANA			
Future Site of	White River, IN	Dave and Rhonda Tutton and Jessica Schmollinger	(317) 292-4772
IOWA			
Future Site of	West Des Moines, IA	Umesh and Deepa Parekh, Aarif and Samina Kuriji	(214) 228-8255
KANSAS			
Future Site of	Overland Park, KS	Cory J. Meschke and Brie C. Meschke; John D. Meschke and Nannette C. Meschke	(913) 568-9433
Future Site of	S. Overland Park, KS	Kaushal and Ami Sanjanwala, Shalin and Sunita Sanjanwala, and Hemal J. Patel	(913) 593-5225
LOUISIANA			
Future Site of	Baton Rouge, LA	Roshni Patel, Viren Patel	(512) 787-2935
MARYLAND			
Future Site of	Annapolis, MD	Beenish Bhatia and Sruthi Reddy Guarrala	(410) 926-9043
Future Site of	Clarksburg, MD	Isha and Manav Patel	(732) 672-9047
Future Site of	Columbia West, MD	Ghayan “Ali” Goraya, Rose Durrani	(443) 538-2008
Future Site of	Elkridge, MD	Falgunbhai Patel, Krishna Vaidya, Mital Patel and Viral Patel	(443) 278-3849

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
Future Site of	Forest Hill, MD	Vivek Parikh & Seena Desai	(336) 413-7719
Future Site of	Jessup, MD	Samir and Mital Patel	(240) 462-4352
Future Site of	Maple Lawn, MD	Payal Jariwala	(630) 212-9413
Future Site of	North Potomac, MD	Jasmili M. Majmudar	(240) 246-6566
Future Site of	Olney, MD	Beenish Bhatia, Rikin Parikh, Anand Patel	(443) 257-2352
Future Site of	Severn, MD	Sruthi Reddy Gurrala & Beenish Bhatia	(410) 245-5140
MASSACHUSETTS			
Future Site of	Acton, MA	Keisha and Raul Perez	(617) 279-5083
Future Site of	Canton, MA	Manan Patel	(781) 492-6305
Future Site of	Franklin, MA	Parag Patel, Neha Patel, Samir Patel and Hemali Patel	(617) 818-4111
Future Site of	Lexington, MA	Curt Van Emon	(781) 361-5400
Future Site of	Norwood, MA	Manan Patel	(781) 492-6305
Future Site of	Reading, MA	Bhargav H. and Urvi Athia	(301) 395-0477
Future Site of	Waltham, MA	Curt Van Emon	(781) 361-5400
MICHIGAN			
Future Site of	West Bloomfield, MI	Timothy Nafso, James Nafso, Danny Somona	(248) 939-3969
MINNESOTA			
Future Site of	Bloomington, MN	Daniel Mauer and Deanna Doherty	(612) 816-0124
MISSOURI			
Future Site of	Parkville, MO	Ahsan Mirza and Bahija Maaroufi	(816) 885-4388
NEW JERSEY			
Future Site of	Bedminster, NJ	Suketu and Anjli Kothari, Anish and Rimple Kothari	(914) 803-7640
Future Site of	Caldwell, NJ	Jay and Dimple Patel; Ambar and Dharati Patel	(732) 762-7190
Future Site of	Closter, NJ	Kevin Ryan and Andrea Ryan	(201) 264-9161
Future Site of	East Windsor, NJ	Shailendra Poddar and Rashmi Agarwal	(908) 552-9104
Future Site of	Maplewood, NJ	Ashley and Charles Gray	(617) 710-0818
Future Site of	Montvale, NJ	Deepti Ramakrishna, Hrushikaran Davda, Dhruv Bhatt and Ushma Trivedi	(203) 895-4178
Future Site of	Moorestown, NJ	Ankit Patel and Ketan S. Patel	(856) 242-0034
Future Site of	Parsippany, NJ	Charles and Ashley Gray	(617) 710-0818
Future Site of	River Edge, NJ	Asanga Gunaratne and Michael Koval	(908) 247-3615
Future Site of	Scotch Plains, NJ	Charles and Ashley Gray	(617) 710-0818
Future Site of	Summit, NJ	Amina and Asanga Gunaratne	(908) 247-3615
Future Site of	West Orange	Raghav (Rocco) Varma, George Garas and Sandy Garas	(302) 540-0183
Future Site of	Wyckoff	Disha Mahesh Shah & Kiran G. Patel, Sarthak M. Shah	(908) 875-1659
NEW MEXICO			
Future Site of	North Valley, NM	Michael A. McLaughlin and Lou Ann McLaughlin	(713) 825-6567
Future Site of	Sandia Heights, NM	Michael A. McLaughlin and Lou Ann McLaughlin	(713) 825-6567
NEW YORK			
Future Site of	Commack, NY	Sonia Alreja	(516) 316-0722
Future Site of	Huntington, NY	Mandeep Sobti & Surinder Kaur	(347) 408-7309
Future Site of	Melville, NY	Mandeep Sobti & Surinder Kaur	(347) 408-7309
Future Site of	White Plains East, NY	Meera Parikh, Vishal Mehta, Sushant Nagpal, Anupam Mitter-Nagpal	(914) 874-3710

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
Future Site of	White Plains West, NY	Zuckerman, Heather & David	(914) 400-4493
NEBRASKA			
Future Site of	East Lincoln, NE	Elizabeth Tonniges and Jesse Bergman	(402) 803-8525
Future Site of	Premise at HUDL, NE	Elizabeth Tonniges and Jesse Bergman	(402) 803-8525
NEVADA			
Future Site of	TBD Reno, NV	Kelly & Alan Maria, Roberto Garcia, Robert Garcia	(575) 520-0306
Future Site of	TBD Reno, NV	Bethany and Alonzo Durham	(775) 993-3377
NORTH CAROLINA			
Future Site of	Fuquay-Varina, NC	Sonali Gupta and Gaurav Chaudhry	(919) 656-7820
Future Site of	Mayfaire, NC	Robert and Samantha Martin	(404) 904-3903
Future Site of	Northwest Raleigh, NC	Ben Silva and Eva Mitalova	(919) 607-0618
Future Site of	Weddington/Wesley Chapel, NC	Jennifer and Mark Dennis	(980) 297-2115
OHIO			
Future Site of	Anderson, OH	Mark Norvell, Candice Peace, RuthAnn Peace	(937) 620-3400
Future Site of	Clintonville, OH	Natosha and Ehab Eskander	(614) 226-175
Future Site of	Green, OH	Jacquelyn and Brooks Kerrick	(440) 821-3614
Future Site of	Grove City, OH	Natosha and Ehab Eskander	(614) 226-1751
Future Site of	Medina, OH	Kanak Chatterjee and Neha Dayakar	(216) 978-9315
Future Site of	Montrose-Copley, OH	Divya and Prabhjot (Jai) Singh	(440) 834-2567
Future Site of	New Albany, OH	Natosha and Ehab Eskander	(614) 226-175
Future Site of	North Dublin, OH	Natosha and Ehab Eskander	(614) 226-175
Future Site of	Sunbury, OH	Natosha and Ehab Eskander	614-226-1751
OKLAHOMA			
Future Site of	Downtown Oklahoma City, OK	Nosakhare and Collette Akhimiona	(405) 596-8601
Future Site of	Tulsa Midtown, OK	Andrew and Kelli Miller	(918) 364-0021
Future Site of	Wilshire Ridge, OK	Alicia & Brandon Abla, Kimberly & Jacob Waterman, Nicholas & Caroline Seymour, Sarah & Andreas Rydholm	(405) 467-5100
OREGON			
Future Site of	Beaverton, OR	Abhishek and Aarsi Aggarwal	(971) 777-4460
Future Site of	Bend, OR	Ernest (Grant) & Chase Jaffrain, Carrie & John (Dominic) Shorthouse	(541) 350-6203
PENNSYLVANIA			
Future Site of	Ambler, PA	Jeffery Cloud, Jr.	(215) 313-5932
Future Site of	Newtown, PA	Vrajesh P. Patel, Janki Vrajesh Patel, Pratik Vijaykumar Patel, Sapna Madhukar Patil	(757) 395-9274
TENNESSEE			
Future Site of	Gallatin, TN	Lynn Johnson	(615) 338-4361
Future Site of	Nashville 12 South, TN	Amy James, Susan Davis, Antony Emmanuel	(615) 289-9152
Future Site of	Nashville Yards, TN	Amy James, Susan Davis, Antony Emmanuel	(615) 289-9152
Future Site of	Nolensville, TN	Corrie Sean Byron	(940) 600-7777
Future Site of	Smyrna, TN	Lorraine and John Nwofia	(615) 414-3039
TEXAS			
Future Site of	Addison, TX	Noel Rigley	(469) 230-9248
Future Site of	Alamo Heights, TX	Nadia Maan Khatib	(305) 458-0687
Future Site of	Aledo, TX	William and Kristy Smith Jana and Ayres Rance Thurman	(817) 944-7070

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
Future Site of	Aliana, TX	Chukwubuike “Chuck” and Chidinma “Chichi” Ejim	(724) 556-9620
Future Site of	Boerne (San Antonio), TX	Laura and John Guererro	(832) 385-4176
Future Site of	Conroe/Grand Central Park, TX	Ric and Jennifer Millington	(713) 560-7816
Future Site of	Easton Park, TX	Christy Black, Robert and Leslie Gandy, Jordan Owens	(512) 263-0388
Future Site of	Fort Worth Downtown	Karen Lund and Jessica Fielder	(817) 919-4315
Future Site of	Frisco Westridge, TX	Joyce and Michael Konrad; Paul and Leslie Graves	(972) 849-8141
Future Site of	Hunter’s Creek, TX	Ashraf Nemri, Nebal Nemry	(832) 715-7731
Future Site of	Hutto, TX	Peter Hsu, Charmon Cheng, Anna and Theo Thompson, III	(512) 529-0701
Future Site of	Kessler Park, TX	Noel Rigley	(469) 230-9248
Future Site of	Kyle, TX	Lisa and Keith Hegner; Anna and Theo Thompson	(610) 952-7054
Future Site of	Lake Highlands, TX	David and Julia Shelton	(214) 537-3388
Future Site of	Meridiana, TX	Sotirios and Estela Papadopulos, Estefania Papadopulos	(713) 888-0848
Future Site of	Midlothian, TX	Zehra Chawla and Syed Ali	(832) 287-5294
Future Site of	New Braunfels, TX	Lawrence and Natalie O’Connor	(512) 923-1360
Future Site of	North Katy, TX	Michael and Lou Ann McLaughlin	(713) 805-6567
Future Site of	Northwest Austin, TX	Kevin and Reena Bhakta	(361) 442-8923
Future Site of	Rice Military, TX	Lawrence and Brandi Muse	(281) 300-4315
Future Site of	Rose Hill, TX	Ronald and Darci Merrill	(281) 804-0007
Future Site of	South Eagle Springs (aka Balmoral), TX	Matthew and Anne Evers	(832) 868-8988
Future Site of	Spring Valley, TX	Michael and Lou Ann McLaughlin	(713) 805-6567
Future Site of	TBD, TX	Colleen M. Hord and Ryan W. Hord	(832) 302-8226
Future Site of	TBD, TX	Erin B. Stewart, Marla M. Jenkins and Tri V. Duong	(214) 455-3668
Future Site of	TBD, TX	Kevin and DeDee Gebhardt	(469) 323-7745
Future Site of	Tomball, TX	Snehal & Nancy Bhakta and Kevin & Reena Bhakta	(361) 442-8923
UTAH			
Future Site of	Salt Lake City, UT	Roger & Kathryn Arbabi	(435) 631-0443
VIRGINIA			
Future Site of	Falls Church, VA	Saniya A. Dhala and Zahra Isani	(732) 766-4377
Future Site of	Fairfax, VA	Hemal & Kirti Patel	(202) 246-9422
Future Site of	National Landing, VA	Mitesh and Malina Patel, Parbhu Patel	(301) 456-9001
Future Site of	Stafford, VA	Darlene and Robert Griffin, Lisa and Keith Hegner	(540) 904-3591
Future Site of	Tyson’s Corner, VA	Sheetal Patel, Minesh Patel	(781) 883-7547
Future Site of	Virginia Beach West, VA	Robertus Siemers and Hendrika Strijker	(804) 564-4210
WASHINGTON			
Future Site of	Bothell North, WA	Larisa and Edward Hamilton Jr.	(214) 934-5984
Future Site of	Issaquah, WA	Mohammed Majeed, Mansi Mehta, Mohamed and Misba Mansuri	(425) 269-0033
Future Site of	Kirkland, WA	Mohit Patel, Pankil Patel, Anil Patel	(731) 293-5472
Future Site of	Woodinville	Divya Mahalingalah and Bharath Nanjundappa	(425) 922-6029

SCHOOL	LOCATION	FRANCHISEE(S)	PHONE
WISCONSIN			
Future Site of	Brookfield/Elm Grove	Vkram Choudhary and Shuchi Wadhwa	(610) 451-3564

C. The following are the names and last known addresses of each Franchisee who has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recent fiscal year or who has not communicated with us or our affiliates within ten weeks of the date of this Disclosure Document:

Franchise Agreement Terminated – After Facility Opened

Franchisee	City	State	Contact Info
Christine and Rodney K. Dell, Jason A. Dell	Colorado Springs	CO	(719) 505-4289

Franchise Agreement Terminated – Facility Never Opened

Former Franchisee	City	State	Contact Info
Mimi and Ralph Seney, Jr.	Otay Ranch	CA	(619) 840-9391
Kelly & Conor Hawking	Sarasota	FL	(412) 691-1113
Durga P. Kodali, Srikanth Mandava, Himabhindu Mandava	Derwood	MD	(703) 728-3732
Lisa A. Mitchel, Kenneth R. Mitchel and Kimberlee J. Mitchel	Olney	MD	(301) 874-6945
Bhavin T. Patel	Northville	MI	(734) 612-7113
Ravishankar Shraddha Suresh	Princeton	NJ	(908) 654-7284
Bhargav H. Athia and Urvi Athia; Ketan N. Patel and Rishima Patel	TBD	NJ/NY	(301) 395-0477
Matthew Grossman, Wendy Jones	Tribeca	NY	(917) 597-3554
Matthew Grossman, Wendy Jones	Williamsburg	NY	(917) 597-3554
Joseph and Krista Schaeffer, Laura Richard Clemens	New Albany	OH	(937) 212-0374
Michael and Carol Bahr	North Dublin	OH	(614) 946-7833
Miranda and Alexander Hagedorn	Bellevue	TN	(615) 497-9817

Franchise Agreement Transferred

Former Franchisee	City	State	Contact Info
Ralph and Kathryn Dalton	Birmingham	AL	(205) 410-9590
Michael and Karen Verlardi	Goodyear	AZ	(602) 527-9911
Michael and Karen Verlardi	Mesa	AZ	(602) 527-9911
Michael and Karen Verlardi	Scottsdale	AZ	(602) 527-9911
Shawn and Linda Batterberry	Castle Rock	CO	(303) 507-9007
Shawn and Linda Batterberry	Lone Tree	CO	(303) 507-9007
Brad and Sharon Frank	Bradenton	FL	(813) 230-2827
Brad and Sharon Frank	Bradenton	FL	(813) 230-2827
Deborah and Dion Schreiner	Orlando	FL	(407) 421-7106
Matthew and Ka McCallister*	Tampa	FL	(407) 766-8937
Maranda and Curtis Elsis	Winter Springs	FL	(407) 435-3866
Rich and Ginger Biondo, Katherine & Duston Cline	Alpharetta	GA	(706) 506-7555
Inge and David Robb	Cumming	GA	(770) 595-7018
Kim and Debbie Coleman	Cumming	GA	(678) 773-6534
Lawrence and Lynn Manning*	Roswell	GA	(770) 653-4344
Denise Corsaro	Suwanee	GA	(678) 551-9196
Laura and Kurt Daniel	Algonquin	IL	(847) 323-6715
Laura and Kurt Daniel	South Elgin	IL	(847) 323-6715

Former Franchisee	City	State	Contact Info
Scott & Mindy Smith*	Fishers	IN	(317) 489-1670
Bruce and Betty Vonderohe	Blaine	MN	(612) 616-1793
Tony and Kim Lancaster	Greensboro	NC	(336) 338-0819
Tony and Kim Lancaster	Greensboro	NC	(336) 338-0819
Abraham Ezekiel and David Ezekiel	Old Bridge	NJ	(732) 682-3548
Krista and Joseph Schaeffer	Gahanna	OH	(937) 212-0374
Sherri and Jacob Schmidt, Tara and Dean Columbini	Hillard	OH	(614) 354-1640
Luke and Ashley Clemens	Pinkerington	OH	(937) 545-3090
Lee and Cam Struck	Powell	OH	(614) 496-5991
Sherri and Jacob Schmidt, Tara and Dean Columbini	Powell	OH	(614) 354-1640
Luke and Ashley Clemens	Westerville	OH	(937) 545-3090
Amanda and Jeremiah Webb	Knoxville	TN	(937) 238-8330
Amanda and Jeremiah Webb	Knxville	TN	(937) 238-8330
Craig and Andrea Turner	Mt. Juliet	TN	(615) 415-8008
Rachael and Loyde Ashe	Austin	TX	(512) 826-6383
Kevin and Jamie Healy, Mehul and Priya Lalloobhai*	Plano	TX	(214) 395-0329
Kevin and Peggy Keller	Spring	TX	(713) 253-1171
Mohit and Shweta Singh	Sugar Land	TX	(281) 904-6730
Ann and Luis Andrade	Ashland	VA	(804) 339-5760
Beau and Urvi Athia*, Harivadan Athia, Rina Patel, Prakash Patel, Rushika Athia	Reston	VA	(301) 395-0477

* Indicates Franchisee that is still operating another Facility pursuant to another Franchise Agreement that remains in effect.

Exhibit E
to
Franchise Disclosure Document

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

(attached)

List of State Administrators and Agents for Service of Process

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013 (213) 576-7500 or (866) 275-2677	Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, California 90013
HAWAII	Department of Commerce and Consumer Affairs Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2744	Commissioner of Securities Business Registration Division 335 Merchant Street, Room 203 Honolulu, HI 96813
ILLINOIS	Franchise Bureau Office of the Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465	Illinois Attorney General 500 South Second Street Springfield, Illinois 62706
INDIANA	Indiana Securities Division Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State Room E-111 302 West Washington Street Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Maryland Division of Securities 200 St. Paul Place Baltimore, MD 21202 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933 (517) 335-7567	Michigan Department of Commerce Corporations and Securities Bureau 525 West Ottawa Street Williams Building, 6th Floor Lansing, MI 48933
MINNESOTA	Minnesota Department of Commerce Securities-Franchise Registration 85 7th Place East Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce 85 7th Place East Suite 280 St. Paul, MN 55101-2198
NEW YORK	NYS Department of Law Bureau of Investor Protection and Securities 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8236	Secretary of State of New York One Commerce Plaza 99 Washington Avenue Albany, NY 12231

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner 600 East Boulevard Ave. State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510
RHODE ISLAND	Securities Division Department of Business Regulations 1511 Pontiac Avenue Cranston, RI 02920 (401) 462-9585	Director of Business Regulation 1511 Pontiac Avenue Cranston, RI 02920
SOUTH DAKOTA	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of the Division of Insurance South Dakota Department of Labor and Regulation Division of Insurance 124 S. Euclid, Suite 104 Pierre, SD 57501
VIRGINIA	State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219 (804) 371-9051	Clerk, Virginia State Corporation Commission Tyler Building, Ninth Floor 1300 E. Main Street Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760	Director of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
WISCONSIN	Division of Securities Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703 608-266-8557	Division of Securities, Department of Financial Institutions 201 W Washington Ave Suite 300 Madison, WI 53703

Exhibit F
to
Franchise Disclosure Document

CONFIDENTIAL OPERATIONS MANUALS TABLE OF CONTENTS

(attached)

CONFIDENTIAL OPERATIONS MANUALS TABLE OF CONTENTS

Retention
Prospect to Parent Resources & Examples
Speaking About Primrose
Primrose Promise

Exhibit G
to
Franchise Disclosure Document

REAL ESTATE DEVELOPMENT AGREEMENT

(attached)

REAL ESTATE DEVELOPMENT AGREEMENT

This Real Estate Development Agreement (this "**Agreement**") is made this _____ day of _____, 20___ (the "**Effective Date**"), by and between PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company (hereinafter "**Franchisor**"), and _____, a _____ (hereinafter referred to as "**Real Estate Affiliate**").

R E C I T A L S

WHEREAS, Franchisor and _____ ("**Franchisee**") have entered into that certain Franchise Agreement dated _____, 20____, ("**Franchise Agreement**"), which provides for, among other things, the construction, operation and maintenance of a Facility (as defined in Section 1.1 of the Franchise Agreement, a "**Facility**"), that is to be located within the "**Development Area**" (as defined in Section 1.2 of the Franchise Agreement);

WHEREAS, Real Estate Affiliate is a Real Estate Affiliate of Franchisee (as defined in the Recitals of the Franchise Agreement);

WHEREAS, upon Real Estate Affiliate's completion of construction of the Facility, Real Estate Affiliate will lease the Facility to Franchisee pursuant to a lease agreement acceptable to Franchisor (the "**Lease Agreement**"); and

WHEREAS, in furtherance of the foregoing, Real Estate Affiliate desires to retain Franchisor, subject to the terms and conditions hereinafter set forth, to identify a site within the Development Area that is an acceptable Site to Franchisor for a Facility ("**Site**") (unless one has already been approved by Franchisee prior to the Effective Date) and to provide such other services as herein specified;

NOW, THEREFORE, for and in consideration of the terms and conditions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties do covenant and agree as follows:

1. Site Selection and Initial Payment.

(A) Identification of Primrose Site. Except where a Site has already been identified by Franchisor and accepted by Franchisee prior to the Effective Date, Franchisor shall attempt to identify a Site to purchase or lease (which may include a facility operating under a different brand that may be converted to a Facility) within the Development Area that is acceptable to Franchisor for a Facility (a "**Primrose Site**"). Upon identification of a Primrose Site, Franchisor will provide to Franchisee a preliminary analysis outlining basic information about the proposed Primrose Site. Franchisee shall notify Franchisor within 10 days of its receipt of a site support letter from Primrose (a "**Site Support Letter**") whether it would like Franchisor to enter into a letter of intent for the Site (an "**LOI**"). If Franchisee indicates in its support for the proposed Primrose Site (or fails to provide a response within the 10-day period), Franchisor (i) will attempt to enter into an LOI and (ii), if successful, will draft and provide a copy of the SLA to Real Estate Affiliate and Franchisee. A Site Location Analysis ("**SLA**") is a document prepared by Franchisor for its own use, which may include the following information: (1) a legal description of the Site, (2) a demographic profile relating to the Site, (3) a conceptual design plan showing, among other things, the preliminary, proposed layout of the Facility on or within the Site, (4) a review of competing schools within the subject area, and (5) information relative to

the community within which the Site is located. Real Estate Affiliate acknowledges that in some Development Areas Franchisor may not be able to identify one or more Primrose Sites. The failure by Franchisor to identify a Primrose Site shall not be deemed a default by Franchisor hereunder.

(B) Franchisee Acceptance of Primrose Site.

(i) Accepting or Declining a Primrose Site. Upon Franchisee's review of the SLA prepared by Franchisor, Franchisee may provide its final acceptance or rejection of the proposed Primrose Site in its sole discretion, provided that Franchisee must provide Franchisor with written notice of its intent to decline a Primrose Site within 10 days of its receipt of the SLA. If Franchisee does not accept or decline the proposed Primrose Site in writing within 10 days of its receipt of the SLA, Franchisee will be deemed to have accepted the proposed Primrose Site. Real Estate Affiliate acknowledges that Franchisee is entitled to exercise its sole and absolute discretion in electing to accept or decline any Primrose Site, and that Franchisor has no obligation to cause Franchisee to accept any Primrose Site. A Primrose Site that is accepted by Franchisee (or a substitute franchisee, as applicable, and whether approved prior to or after the Effective Date) is referred to hereinafter as an "**Accepted Site**". The "**Date of Acceptance**" as used hereinafter shall refer to the later to occur of: (i) the Effective Date; or (ii) the date upon which an Accepted Site is accepted in writing by Franchisee (or a substitute franchisee, as applicable) or is deemed to be accepted due to Franchisee's failure to respond to the SLA.

(ii) Acknowledgements. By accepting a Primrose Site, Franchisee represents that based on the anticipated purchase price or rent for the Primrose Site and the estimated initial investment costs to develop a Facility as disclosed in Franchisor's Franchise Disclosure Document, Real Estate Affiliate will be able to fund the necessary capital injection to enable Franchisee to obtain a loan for the development of the Primrose Site as a Facility, even if the actual purchase price or rent and actual total investment is higher than anticipated.

(C) Franchisee Rejection of Primrose Site; Substitute Site or Franchisee. If for any reason a Primrose Site is not accepted by Franchisee, then Franchisor shall have the right, but not the obligation, to seek a substitute Primrose Site within the Development Area for acceptance by Franchisee. If Franchisee accepts a substitute Primrose Site, then Franchisor shall seek to enter into a Purchase Agreement or Franchisee shall seek to enter into a lease for such Primrose Site in accordance with the provisions of Section 2.

By initialing below, Real Estate Affiliate acknowledges Franchisor's rights under this Section 1(C) and agrees that Real Estate Affiliate is responsible for the payment of all Expenses incurred in regard to the original Site and any substitute Site:

Real Estate Affiliate's Initials: _____ Date: _____

Without limiting any of Franchisor's other rights under this Agreement, Franchisor shall have the right to terminate this Agreement upon notice to Real Estate Affiliate if Franchisee rejects one or more Primrose Sites or if there is no Accepted Site on a date that is 20 months following the Effective Date.

(D) Initial Payment. Unless already paid at the time of execution of the Franchise Agreement, Real Estate Affiliate shall pay to Franchisor the sum of $25,000 on the Effective Date (the "**Initial Payment**"), which Initial Payment is in addition to and independent of any and all other financial obligations of Real Estate Affiliate under this Agreement (including, without limitation, Expenses).

2. Acquisition of Accepted Site.

(A) Following the Date of Acceptance, if the Accepted Site will be purchased, Franchisor shall attempt (directly or through an affiliate, such as Primrose School Franchising Company LLC) to enter into a contract to purchase the Accepted Site (a "**Purchase Agreement**") with the owner thereof on terms acceptable to Franchisor in Franchisor's sole and absolute discretion. If the Accepted Site will be leased, Franchisee must execute a Permanent Lease Amendment to the Franchise Agreement. Real Estate Affiliate shall be responsible for negotiating the terms of the lease for the Accepted Site (the "**Site Lease**") with the landlord, and Franchisee shall execute such Site Lease, if Franchisor provides its written approval of such Site Lease, which it may grant or withhold in its sole and absolute discretion. The failure of Franchisor or its affiliates to enter into a Purchase Agreement or for Franchisee to enteer into a Site Lease for an Accepted Site shall not be deemed a default by Franchisor hereunder.

(B) Real Estate Affiliate specifically acknowledges that Franchisor may, at any time prior to the execution of the Purchase Agreement Assignment (as defined in Section 5(A)) on the Closing Date (as defined in Section 5(B)) or prior to approving the Site Lease, in its sole and absolute discretion, determine that an Accepted Site is not suitable for a Facility. In such event, Franchisor shall have the rights set forth in Section 5(C), including, without limitation, the right to terminate this Agreement and the right to seek a substitute Primrose Site within the Development Area for acceptance by Franchisee in accordance with the provisions of Section 1(C).

3. Disclaimer of Representations and Warranties. Real Estate Affiliate understands and agrees that it is Franchisee's (or a substitute franchisee's, as applicable) obligation and responsibility to assess the condition of a Site and determine the suitability of a Site for its intended purposes. Franchisor makes no representations or warranties to Real Estate Affiliate or Franchisee, including, without limitation, representations and warranties as to the condition of any Site or the suitability of any Site (whether or not accepted by Franchisee, or a substitute Franchisee, as applicable) for the construction or operation of the Facility, or for any other purpose. Real Estate Affiliate acknowledges that the SLA and any other information provided by Franchisor is for informational purposes only and will not be determinative of the performance, success or failure of the Facility, and Franchisor makes no representations, warranties or guarantees to Real Estate Affiliate or Franchisee relating thereto.

4. Performance of Services. Following execution of the Purchase Agreement or the LOI, Franchisor shall provide the following services to Real Estate Affiliate with respect to the Accepted Site:

(A) Provide to Real Estate Affiliate a Phase I Environmental Report ("**Environmental Report**") prepared by an engineer or consultant licensed to provide such reports in the jurisdiction in which the Accepted Site is located. Such Environmental Report shall include Real Estate Affiliate under any so-called "use by third party" or "reliance letter", where applicable.

(B) Provide to Real Estate Affiliate a soils report prepared by an engineer or consultant licensed to provide such reports in the jurisdiction in which the Accepted Site is located. Such report shall include Real Estate Affiliate under any so-called "use by third party" or "reliance letter", where applicable.

(C) Provide to Real Estate Affiliate a commitment for title insurance ("**Title Commitment**") for the Accepted Site issued by a title insurance company licensed to do business in the state in which the Accepted Site is located.

(D) Provide to Real Estate Affiliate or Real Estate Affiliate's lender any information reasonably required by such lender in connection with such lender's performance or commissioning of an appraisal of the Accepted Site and the Facility to be constructed thereon.

(E) Request from the governmental authority that issues building permits in the jurisdiction in which the Accepted Site is located a letter stating the conditions that must be fulfilled in order for a building permit for the Facility to be issued ("**Building Permit Authorization**"). Real Estate Affiliate acknowledges that there is no guarantee that such Building Permit Authorization can or will be obtained, and that the failure to obtain a Building Permit Authorization shall not constitute a default hereunder.

(F) Assist with preparing closing documents and agreements to which Franchisor will be a party in connection with the Purchase Agreement Assignment and the closing of the Purchase Agreement (provided that Franchisor shall have no responsibility for the closing or liability for the failure of the closing to occur for any reason).

(G) Provide final acceptance of the Facility by Franchisor in accordance with the terms of the Franchise Agreement (provided that except as may be otherwise provided in the Franchise Agreement, Franchisor shall have no responsibilities whatsoever relating to inspecting any improvements constructed on the Site).

The documents referred to in subsections (A) through (C) above are referred to hereinafter as the "**Pre-Closing Reports**". Without limiting any other provision of this Agreement, costs, fees and expenses incurred by Franchisor in connection with the Pre-Closing Reports and other services described above shall constitute "Expenses" (as hereinafter defined).

5. <u>Assignment and Assumption of Purchase Agreement; Closing; Failure to Close</u>.

(A) Real Estate Affiliate hereby agrees to assume the Purchase Agreement and all of Franchisor's or its affiliate's rights and obligations thereunder on the Closing Date pursuant to Franchisor's then-current form of Assignment and Assumption Agreement (the "**Purchase Agreement Assignment**"), provided that Franchisor's or its affiliates's obligation to enter into the Purchase Agreement Assignment shall be subject to the following conditions precedent:

(i) Real Estate Affiliate shall enter into a binding contract with a general contractor of its choosing for construction of the Facility, which contract may be subject to Franchisor's prior written approval, which approval shall not be unreasonably withheld, conditioned or delayed ("**Construction Contract**").

(ii) Real Estate Affiliate shall secure acquisition, construction and permanent equity and debt financing on terms acceptable to Franchisor for acquisition of the Site and construction of the Facility (a "**Financing Commitment**").

(iii) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully-executed Memorandum of Acquisition Rights in recordable form, and in Franchisor's then-current form evidencing the rights and obligations set forth in Section 12 hereof.

(iv) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully executed Lease Agreement in a form acceptable to Franchisor in its sole and absolute discretion.

(v) Real Estate Affiliate and Franchisee shall deliver to Franchisor a fully executed Collateral Assignment of Tenant's Interest in Lease in Franchisor's then-current form.

(vi) Franchisee and the project lender shall deliver to Franchisor a fully executed Subordination, Non-Disturbance and Attornment Agreement in Franchisor's then-current form.

(vii) Real Estate Affiliate shall, at Franchisor's option, (i) enter into an agreement acceptable to Franchisor with the National Architects (as defined in Section 6.A. (National Architects and Development Consultants)) to design and plan the Facility and to provide advice related to the construction of the Facility or (ii) assume Franchisor's contract with the National Architects for such services and assume all financial and other obligations under such agreement relating to the Accepted Site.

(viii) Real Estate Affiliate shall pay to Franchisor $45,000 (the **"Closing Payment"**), which Closing Payment is in addition to and independent of any and all other financial obligations of Real Estate Affiliate under this Agreement (including, without limitation, Expenses). If Real Estate Affiliate (a) executes a Construction Contract, which Franchisor has approved in writing, within eight weeks after Franchisor provides written notice that Franchisor is beginning to solicit construction bids and (b) secures a Financing Commitment, which is acceptable to Franchisor, within 45 days after Franchisor provides written notice to Real Estate Affiliate to begin the process of securing such commitment, the Closing Payment shall be reduced to $30,000.

(ix) Real Estate Affiliate shall reimburse Franchisor or its affiliates for any and all earnest money advanced under the Purchase Agreement.

(the foregoing are referred to collectively as the "**Closing Conditions**").

(B) Real Estate Affiliate shall have the obligation to complete the closing of the Accepted Site (the "**Closing**") on a date that is the later of (i) 30 days following delivery by Franchisor to Real Estate Affiliate of all Pre-Closing Reports (or the next business day following such date if such date falls on a weekend or holiday) or (ii) the date that is required under the Purchase Agreement, LOI, or Site Lease (the "**Closing Date**"), unless otherwise agreed to in writing by Franchisor. The Closing shall be considered to be completed when Real Estate Affiliate has satisfied all Closing Conditions and (a) Real

Estate Affiliate has completed the purchase of the Accepted Site by closing on the Accepted Site or executing the Purchase Agreement Assignment or (b) Franchisee has executed the Site Lease and waived or satisfied all lease contingencies. The failure to complete the Closing by the Closing Date shall be deemed a default by Real Estate Affiliate hereunder. Franchisor and its affiliates shall have no liability or responsibility whatsoever to Real Estate Affiliate for a failure of any party to complete the Closing.

(C) If, prior to the Closing Date, Franchisor determines, in its sole and absolute discretion, that any of the following are true:

(i) one or more of the Closing Conditions will not be satisfied by Real Estate Affiliate prior to the Closing Date,

(ii) the owner of the Accepted Site will fail to perform under the Purchase Agreement, the LOI, or the Site Lease; or

(iii) the Accepted Site is no longer acceptable to Franchisor for any reason, including, without limitation, a change in economic conditions or a failure to obtain a Building Permit Authorization,

then Franchisor may, at Franchisor's option (and without prejudice to any other rights and remedies available to it under this Agreement), elect to do any of the following upon notice to Real Estate Affiliate:

(a) waive any or all Closing Conditions that will not be satisfied on the Closing Date, whereupon Real Estate Affiliate shall complete the Closing by the Closing Date.

(b) close on the purchase of the Property and thereafter compel Real Estate Affiliate's purchase of the Property from Franchisor or its affiliate pursuant to Section 5(D) below.

(c) extend the Closing Date to allow the owner of the Accepted Site or Real Estate Affiliate, as applicable, additional time to fulfill the Closing Conditions or any other pre-closing conditions.

(d) seek a substitute Primrose Site for acceptance by Franchisee in accordance with the provisions of Section 1(C).

(e) terminate this Agreement, whereupon the parties shall have no further rights or obligations under this Agreement except for those provisions of this Agreement which expressly survive termination.

(D) Franchisor Site Acquisition. If (i) closing is required under the terms of the Purchase Agreement or if lease contingencies must be waived or satisfied under the terms of the Site Lease, but Franchisor determines that one or more of the Closing Conditions is not satisfied or (ii) Franchisor or its affiliate otherwise determines in its sole discretion to acquire the Accepted Site, Franchisor or its affiliate shall have the right, but not the obligation, in its sole discretion, to (a) acquire title to the Accepted Site and, upon 30 days' advance notice from Franchisor, Real Estate Affiliate shall have the obligation to purchase the Accepted Site directly from Franchisor or its affiliate for a purchase price equal to the purchase price paid by Franchisor or its affiliate under the Purchase Agreement, plus any

additional costs and expenses incurred by Franchisor or its affiliate in connection with such purchase and any additional amounts specified under this Agreement or (b) upon 30 days' advance notice from Franchisor, Franchisee shall have the obligation to excute an assignment of, and assume the obligations under, the Site Lease from Franchisor and pay Franchisor additional costs and expenses incurred by Franchisor in connection with such Site Lease and any additional amounts specified under this Agreement.

6. Development Consultants.

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

(B) Construction Manager. Prior to selecting a general contractor, Real Estate Affiliate must engage, at its expense, the services of a qualified construction manager to (x) manage Real Estate Affiliate's obligation to construct the Facility in accordance with the specifications provided or approved by the National Architects; (y) assist in the selection of, and coordinate with, Real Estate Affiliate's general contractor and subcontractors; and (z) provide consulting services to Real Estate Affiliate as may be deemed to be necessary or appropriate relating to the design and construction of the Facility.

(i) Franchisor has the right to designate a construction manager for the Facility or, if Franchisor does not designate a construction manager, Real Estate Affiliate's construction manager must be accepted in writing by Franchisor. Franchisor's acceptance of Real Estate Affiliate's construction manager will not in any way be Franchisor's endorsement of such construction manager or render Franchisor liable for such construction manager's performance.

(ii) Real Estate Affiliate must, at Franchisor's option, (a) enter into an agreement acceptable to Franchisor with the accepted construction manager to design and plan the Facility and to provide advice related to the construction of the Facility and provide Franchisor with a copy of the executed agreement or (b)

assume Franchisor's contract with the accepted construction manager for such services and assume all financial and other obligations under such agreement relating to the accepted site, in which case Real Estate Affiliate shall reimburse Franchisor for any fees that Franchisor incurred related to the contract prior to Real Estate Affiliate's assumption of the contract. In each case, Real Estate Affiliate shall be responsible for paying any fees or expenses incurred by or related to its construction manager, including those incurred by Franchisor.

(C) General Contractor. Real Estate Affiliate must engage, at its expense, a licensed and insured general contractor to complete the build-out of the Facility, and the general contractor must be accepted in writing by Franchisor. Franchisor's acceptance of Real Estate Affiliate's general contractor will not in any way be Franchisor's endorsement of such general contractor or render Franchisor liable for such general contractor's performance.

(D) No Franchisor Responsibilities. Real Estate Affiliate understands and agrees that it is solely Real Estate Affiliate's obligation to construct the Facility in accordance with the specifications and to enter into any and all contracts necessary and appropriate therefor. Specifically, but without limitation, Franchisor shall have no obligation to identify a contractor or construction manager for construction of the Facility, negotiate any construction contracts, design the Facility, obtain permits for construction, construct the Facility, or pay any fees or costs related to any of the foregoing.

7. Franchisor's Expenses.

(A) Real Estate Affiliate shall reimburse Franchisor for all Franchisor's costs, fees and expenses that Franchisor incurs before or after the execution of this Agreement that are related to the identification and evaluation of any Sites, efforts to negotiate and execute a Purchase Agreement or LOI, the performance of any and all services provided hereunder, the Pre-Closing Reports, the fees of the National Architect and other Development Consultants (including, without limitation, engineering, environmental, soil, architectural, legal and other professional and consulting fees) related to the Facility, simple interest on any amounts paid or advanced by Franchisor at a rate of 10% per annum (or the maximum rate permitted by law, if less than 10%), calculated from the date such payment is made by Franchisor until repayment by Real Estate Affiliate to Franchisor, and any and all other costs, fees and expenses incurred by Franchisor relating to or resulting from Franchisor's performance of its rights and obligations under this Agreement (collectively, the "**Expenses**").

(B) Real Estate Affiliate must pay Franchisor all Expenses at Closing; provided, however, Franchisor may, upon 10 days' advance notice, require Real Estate Affiliate to immediately pay Franchisor all accrued Expenses. Real Estate Affiliate also agrees that if the Closing does not occur by the Closing Date for any reason, upon 10 days' advance notice from Franchisor, Real Estate Affiliate shall immediately pay all accrued Expenses.

(C) Franchisor may require, at any time and from time to time, Real Estate Affiliate to establish and maintain a reserve account, to be held by Franchisor, as security for Real Estate Affiliate's obligation to pay Expenses. In the event Real Estate Affiliate fails to pay any Expenses as they become due and payable, then, without limiting any other remedies available, Franchisor may draw upon such reserve account for the payment of Expenses, and may require Real Estate Affiliate to deposit additional funds from time to time to replenish such reserve account.

(D) The provisions of this Section 7 and all provisions of this Agreement providing Franchisor with remedies relating to the collection of Expenses shall survive any termination of this Agreement until all Expenses are collected by Franchisor.

8. Confidential Information and Trade Secrets. The provisions of Sections 7 and 8 of the Franchise Agreement are hereby incorporated into this Section 8 by reference. Real Estate Affiliate hereby agrees that it shall be bound by such provisions, and shall have all obligations, responsibilities and liabilities of a "Franchise Party" thereunder (whether or not Real Estate Affiliate is a Franchise Party as defined in the Franchise Agreement). The provisions of this Section 8 shall survive any termination of this Agreement.

9. Default and Termination. Unless otherwise expressly stated herein, the failure of a party to perform any agreement, covenant, obligation or undertaking as and when provided for or required under this Agreement shall constitute a default by such party under this Agreement.

(A) Curable Defaults. Except as otherwise provided in Sections 9(B) and 9(C), this Agreement may be terminated by either party if either party defaults hereunder and thereafter fails to cure such default within 30 days of receipt of a written notice of such alleged default or, if such default is of such nature that it cannot be completely cured within such 30-day period, the alleged defaulting party fails or refuses to commence the cure of such default within such 30-day period and thereafter fails to proceed with reasonable diligence and in good faith to complete to cure such default.

(i) Remedy for Uncured Default by Franchisor. In the event of an uncured default by Franchisor and termination hereof, Real Estate Affiliate shall be entitled solely to the return of the Expenses, paid to Franchisor by Real Estate Affiliate, and upon return of such Expenses, Real Estate Affiliate shall have no further rights or recourse against Franchisor. In such event Real Estate Affiliate shall be entitled to all reports obtained by Franchisor relating to the Primrose Site during the term of this Agreement.

(ii) Remedy for Uncured Default by Real Estate Affiliate. In the event of an uncured default by Real Estate Affiliate and termination hereof, Franchisor shall be entitled to retain all fees paid to Franchisor to such date and shall be entitled to be paid all Expenses as provided in Section 9(A) and, upon payment of such amount, neither party will have any further obligation under this Agreement and Franchisor shall have no further rights, remedy, or recourse against Real Estate Affiliate, unless the default relates to Section 7 of this Agreement, in which case Franchisor shall have the right to pursue any and all unpaid Expenses.

(B) Non-curable Defaults. Upon the occurrence of an event of default of the Franchise Agreement by Franchisee, which occurs prior to the Closing, Franchisor may declare this Agreement to be immediately terminated and of no further force or effect, and Franchisor shall be entitled to retain all fees paid to Franchisor through the date of termination, and shall be entitled to be paid all Expenses incurred through the date of termination. The right of termination granted by this Section 9(B) is in addition to, and not in lieu of, any and all other rights and remedies available to Franchisor at law, in equity or otherwise, all of which are cumulative.

(C) Default Upon Failure to Open. Without limiting any of Franchisor's other rights under this Agreement, Franchisor shall have the right to terminate this Agreement upon notice to Real Estate Affiliate if a Facility is not completed and operating within 20 months

after the execution of the Franchise Agreement (if an Acceptable Site was determined prior to the execution of this Agreement) or within 36 months after the execution of the Franchise Agreement (if an Acceptable Site was not determined prior to the execution of this Agreement).

(D) Termination Due to Program Change. If Franchisor and the Franchisee Parties mutually agree to develop the Facility under a different development program (e.g., the Build-to-Suit Developer Lease Program, Permanent Lease Program, or Independent Development Program), if required by Franchisor, upon Franchisor's and Franchisee's execution of the applicable amendment to the Franchise Agreement for such development program, Franchisor and the Franchisee Parties will mutually agree to terminate this Agreement and will execute any documents specifed by Franchisor to memorialize the termination. Franchisor shall be entitled to retain all fees paid to Franchisor through the date of termination and shall be entitled to be paid all Expenses incurred through the date of termination

10. Standard of Care and Indemnity.

(A) Due Care. So long as Franchisor and Real Estate Affiliate shall act in good faith in performing and discharging their functions hereunder, Real Estate Affiliate or Franchisor shall not be liable or accountable to the other, in damages or otherwise, for any error of judgment, mistake of fact or of law, or any other act or thing which either may do or refrain from doing in connection with their duties and obligations hereunder, except in the case of its failure to exercise "Due Care." The term "Due Care," for purposes of this Agreement, shall be defined as such standard of care in the conduct of the performance and discharge of its duties and obligations hereunder in good faith, and with reasonable diligence. The provisions of this Section 10(A) shall not extend to monetary defaults.

(B) Indemnification by Real Estate Affiliate. Real Estate Affiliate hereby agrees to indemnify, defend, and hold harmless Franchisor, its current and former affiliates, parents, subsidiaries and related entities, and its and their respective current and former officers, directors, partners, shareholders, employees, assigns, predecessors, successors, representatives and agents, from and against any and all claims, demands, losses, liabilities, actions, lawsuits, and other proceedings, judgments and awards, costs and expenses (including, without limitation, reasonable attorneys' fees and court costs) arising directly or indirectly, in whole or in part, out of (i) any action taken by Franchisor within the scope of its duties or authority hereunder, excluding only such of the foregoing as results from the negligence or willful misconduct of or breach of this Agreement by Franchisor, its officers, directors, agents and employees, and (ii) the negligence, willful misconduct, acts or omissions of Real Estate Affiliate or any of its officers, directors and employees in connection with this Agreement or Real Estate Affiliate's activities hereunder.

(C) The provisions of this Section 10 shall survive the expiration or sooner termination of this Agreement.

11. Dispute Resolution.

(A) Place of Execution and Governing Law. This Agreement takes effect upon its acceptance and execution by Franchisor and Real Estate Affiliate and shall be interpreted and construed under the laws of Georgia, which laws shall prevail in the event of any conflict of law.

(B) Arbitration.

(i) Except solely for actions by Franchisor or Real Estate Affiliate to enforce a final arbitration award, the parties agree that any and all disputes between them or any of their affiliates, and any claim by either party or any of their affiliates that cannot be amicably settled shall be determined solely and exclusively by arbitration in accordance with the rules of the American Arbitration Association ("**AAA**") or any successor thereof. Arbitration shall take place at an appointed time and place in Atlanta, Georgia or, if Franchisor's principal place of business is no longer located in Atlanta, Georgia, then at the office of the AAA nearest to Franchisor's then-current principal place of business. The arbitrators shall not have the right to alter the locale of the arbitration as set forth in the preceding sentence. Each party shall cause its affiliates to abide by the provisions of this Section 11.

(ii) Each party shall select one arbitrator (who shall not be counsel for the party) and the two designated arbitrators shall select a third arbitrator. If either party shall fail to designate an arbitrator within seven days after arbitration is requested, or if the two arbitrators shall fail to select a third arbitrator within seven days after arbitration is requested, then such arbitrator shall be selected by the AAA or any successor thereto upon application of either party. In the event the dispute involves less than $100,000, there shall be only one arbitrator, who shall be selected by the AAA (or any successor thereto). Judgment upon any award of the majority of arbitrators shall be binding and shall be entered in a court of competent jurisdiction. The award of the arbitrators may grant any relief which might be granted by a court of general jurisdiction, including, without limitation, and by reason of, enumeration, award of damages and/or injunctive relief, but excluding punitive or exemplary damages, and may, in the discretion of the arbitrators, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrators and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrators shall determine.

(C) Court Actions. The parties agree that any actions permitted to be brought hereunder by either party in any court, whether federal or state, shall be limited to actions for equitable, including injunctive, relief and to actions to enforce a final judgment or arbitral award, and may be brought only in the State of Georgia.

(D) Attorneys' Fees. The prevailing party in any litigation under this Agreement shall be entitled to reasonable attorneys' fees and costs.

12. Option and Right of First Refusal. Real Estate Affiliate and Franchisee hereby agree that, in addition to all other rights and remedies provided for in this Agreement, upon and at any time after the Closing, Franchisor shall have the following rights with respect to any and all "Business Assets" (as such term is used in the Franchise Agreement and including specifically, but without limitation, the Accepted Site and all real and personal property therein), and that Real Estate Affiliate's and Franchisee's obligations hereunder shall be joint and several and binding on their respective successors and assigns, (for purposes of this Section 12, Real Estate Affiliate and Franchisee are referred to collectively as "**Owner**"):

(A) Option. Franchisor shall have the option to purchase all Business Assets from Owner pursuant to the terms and conditions herein.

(i) Notice. Not earlier than 90 days prior to, nor later than 30 days following, the expiration or termination of the Franchise Agreement for any reason, Franchisor may, at its sole option, give notice to Owner that it intends to purchase the Business Assets from Owner.

(ii) Closing. The closing of any such purchase shall take place at a time and location to be selected by Franchisor; provided, however, that such closing shall not occur any later than 90 days after Franchisor gives the notice described above. If for any reason the closing is delayed beyond the expiration or termination of the Franchise Agreement, Owner shall, if so specifically required by Franchisor, continue to operate the Facility until such closing occurs.

(iii) Conveyance. At such closing, Owner shall convey to Franchisor all Business Assets which Franchisor elects to purchase with all warranties of good and marketable title, free and clear of all liens and encumbrances, except those of which Franchisor notifies Owner in writing prior to closing that Franchisor is willing to assume. Real Estate Affiliate shall execute all documents required by Franchisor, in such form as is approved by Franchisor, in order to consummate such transaction.

(iv) Purchase Price. The gross purchase price for the Business Assets shall be equal to the sum of (i) the average fair market value as determined by three qualified independent appraisers, one selected by Franchisor, the second selected by Franchisee and the third selected by the other two appraisers (net of all liens and/or encumbrances which the Business Assets shall be conveyed subject to), of the real property and improvements thereon included in the Business Assets, if any, plus (ii) the lesser of Owner's depreciated cost or fair market value of Owner's personal property (if any) included in the Business Assets (with fair market value of personal property determined in the same manner as in (i) above). For purposes of the determination by such appraisers of the fair market value of the real property and improvements thereon included in the Business Assets, such fair market value shall be the amount of cash which would be realized by Owner if such real property and improvements were sold by a willing seller to a willing buyer to be used as a Facility as contemplated in the Franchise Agreement and for no other purpose. Any determination of the fair market value of the Business Assets shall not include any business goodwill factor.

Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any sums owing, as of the date of the closing, from Owner and any of its or their affiliates to Franchisor and any of its affiliates under or in connection with the Franchise Agreement or any other agreements to which Franchisor or any of its affiliates and Owner or any of its or their affiliates are parties, (ii) any sums expended by Franchisor to cure any defaults by Owner under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the Business Assets, (iii) all reasonable expenses of Franchisor incurred in negotiating and effecting the purchase of any of the Business Assets (including all attorneys' fees and other expenses); and (iv) any management fees to which Franchisor is entitled pursuant to Section 12(A)(v) below.

(v) Management of Facility. If Franchisor notifies Owner of Franchisor's intent to exercise the purchase option set forth in this Section 12(A), then Franchisor shall have the right, but not the obligation, to manage the Facility for the period commencing with the expiration or termination of the Franchise Agreement until closing. Franchisor shall be entitled to a management fee equal to 5% of Gross Revenues for the period during which Franchisor operates the Facility, plus reimbursement of Franchisor's out-of-pocket expenses. Owner and Franchisor intend that claims resulting from Franchisor's management of the Facility shall be subject to indemnification by Franchisee as provided in Section 18.9 of the Franchise Agreement.

(B) Right of First Refusal. Franchisor shall have a right of first refusal to purchase all Business Assets from Owner pursuant to the terms and conditions herein.

(i) Option. If Owner shall at any time decide to sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber (i) any or all of the Business Assets (including without limitation the Facility), except in the ordinary course of operating the business of the Facility in accordance with the System, or (ii) any of the Interests described in Section 19.2(b) of the Franchise Agreement, it shall first obtain a bona fide written offer from a legitimate and fully disclosed purchaser and shall submit a true, correct and complete copy of such offer to Franchisor. Franchisor may withhold its consent to any such transaction as provided for in Section 19 of the Franchise Agreement, if applicable, or shall have the option, exercisable within 30 days after its receipt of such entire offer, to purchase such assets or Interests on the same terms and conditions offered by or to the purchaser; provided that Franchisor may substitute equivalent cash for any form of payment proposed in such offer. Owner shall not permit any such offer to include any assets other than those used in the operation of the business of the Facility in accordance with the System.

(ii) Purchase Price Deductions. Franchisor shall have the right to deduct from the gross purchase price the sum of the following: (i) any real estate or brokerage commission which Franchisor or its designated purchaser is required to pay, (ii) any sums owing, as of the date of the closing, from Owner and any of its or their affiliates to Franchisor and any of its affiliates under or in connection with the Franchise Agreement or any other agreements to which Franchisor or any of its affiliates Owner or any of its or their affiliates are parties, (iii) any sums expended by Franchisor to cure any defaults by Owner and any of its or their affiliates under any deeds to secure debt, mortgages, deeds of trust or other liens or encumbrances affecting the assets of the franchise.

(iii) Closing. The closing of Franchisor's exercise of such right of first refusal option shall occur within 90 days after Franchisor's election of such option. Owner shall transfer and deliver all of such assets or Interests to Franchisor free and clear of all liens, with all warranties of title and otherwise as shall be required by Franchisor.

(iv) Franchisor's Failure to Exercise ROFR. If Franchisor does not exercise the right of first refusal set forth in this Section 12(B), the offer may be accepted by Owner, and subject to the prior written approval of Franchisor, as provided in Section 19 of the Franchise Agreement. If any such proposed sale or transfer is

not consummated within three months of the date of such initial written offer, Franchisor shall again have the right of first refusal herein described.

(C) Assignment of Rights by Franchisor. Without limiting any other rights contained in this Agreement or in the Franchise Agreement, Franchisor shall have the right to assign or delegate its rights under this Section 12 to any other person or entity.

(D) Survival. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

13. Miscellaneous.

(A) Entire Agreement. This Agreement supersedes all prior discussions, understandings and agreements between the parties with respect to the matters contained in this Agreement, and this Agreement contains the sole and entire agreement between the parties with respect to the transactions contemplated by this Agreement.

(B) Notices. All notices, requests, demands, tenders and other communications required or permitted under this Agreement shall be in writing and shall be duly given if delivered, mailed (certified or registered, postage prepaid) or sent by overnight courier service to each other party at that party's address for the giving of notices as provided in accordance with the Franchise Agreement. Any party may change its or their mailing address by giving notice to the other parties in the manner provided therein.

(C) Waiver. Any term or condition of this Agreement may be waived at any time by the party hereto which is entitled to the benefit thereof, but that waiver will be effective only if evidenced by a written document signed by such party. No course of dealing or performance by any party, and no failure, omission, delay or forbearance by any party, in whole or in part, in exercising any right, power, benefit or remedy, shall constitute a waiver of such right, power, benefit or remedy.

(D) Force Majeure. Neither Real Estate Affiliate or Franchisor shall be deemed in default of any obligation hereunder if either one is unable to perform or discharge such obligation on account of force majeure (as defined herein). As used herein, the term "***force majeure***" shall mean, without limitation, the following: acts of God, strikes, walkouts or other industrial disturbances, order of the United States or the state in which the Facility is to be located or of any other departments, agencies, or officials of any civil or military authority of the United States or the state in which the Facility is to be located, or any political subdivision of either; insurrections; riots; civil disturbances; explosions; delays with regard to transportation of materials; or any other cause or event not reasonably within the control of Franchisor or Real Estate Affiliate, as applicable, and not caused by Franchisor or Real Estate Affiliate, as applicable, including decisions or delays caused by homeowners, or city, county, state or federal agencies, departments or officials.

(E) No Obligation to Third Parties. None of the responsibilities and obligations of Franchisor under this Agreement shall in any way or in any manner be deemed to create any liability of Franchisor to, or any rights in, any person or entity other than Real Estate Affiliate.

(F) Successors and Assigns. This Agreement may not be assigned by Real Estate Affiliate without the prior written consent of Franchisor. Except as otherwise herein

provided, this Agreement is binding upon and shall inure to the benefit of the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

(G) Transfer of Real Estate. Real Estate Affiliate shall not, without Franchisor's prior written consent and subject to Franchisor's rights under Section 12, by operation of law or otherwise, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber or allow to be encumbered (collectively, a "**Transfer**") to any person, firm or entity, all or any part of its interest in or to any part of the real property constituting the Accepted Site or the Facility (collectively, the "**Real Property**"). Franchisor shall not unreasonably withhold, condition or delay its consent to a Transfer provided that the following conditions shall first be met to the full satisfaction of Franchisor: (i) all accrued monetary obligations of Real Estate Affiliate to Franchisor shall be satisfied; (ii) Franchisee is not in default under the Franchise Agreement and Real Estate Affiliate is not in default under this Agreement; and (iii) the transferee(s), including all shareholders, officers, directors, managers, members and partners of the transferee(s), shall jointly and severally execute any standard ancillary agreements with Franchisor (including, without limitation, the Option and Right of First Refusal and the Memorandum of Acquisition Rights) on forms acceptable to Franchisor in its sole discretion; and (iv) Real Estate Affiliate shall execute a termination and general release of Franchisor in a form acceptable to Franchisor in its sole discretion terminating this Agreement and releasing Franchisor and its affiliates and their respective officers, directors, agents and employees from and against any and all claims Real Estate Affiliate may have against them. Any purported Transfer without the foregoing consent shall be null and void and constitute a default hereunder.

(H) Limited Liability. Real Estate Affiliate hereby acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Franchisor shall have any liability for (i) any of Franchisor's obligations or liabilities relating to or arising from this Agreement, (ii) any claim against Franchisor based on, in respect of, or by reason of, the relationship between Real Estate Affiliate and Franchisor, or (iii) any claim against Franchisor based on any alleged unlawful act or omission.

(I) Guarantee and Cross-Default. Franchisee joins this Agreement and agrees to the provisions of Section 9(B) relating to cross default and further guarantees to Franchisor the performance of Real Estate Affiliate's obligations under this Agreement.

(J) Information. By execution of this Agreement, Real Estate Affiliate authorizes Franchisor to divulge personal financial information concerning Real Estate Affiliate and the development of the Facility to third parties if it is necessary to do so in the conduct of Franchisor's business or in the performance of this Agreement. Upon Franchisor's request, Real Estate Affiliate must promptly provide copies of final agreements and change orders related to the development of the Facility and documentation of the final construction and development expenses incurred by Real Estate Affiliate.

(K) Survival. The provisions of Sections 7, 8, 10 and 12 shall survive any expiration or termination of this Agreement.

(L) Execution in Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

(M) Severability. If any provision of this Agreement or any instrument or other document delivered pursuant hereto or in connection with this Agreement is for any reason held to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other instrument or document, and this Agreement and such other instruments and documents shall be interpreted and construed as if such invalid, illegal or unenforceable provision had not been contained in this Agreement.

(N) Time of Performance. Time is of the essence with respect to performance of this Agreement.

(O) Franchise Agreement Defined Terms. All capitalized terms not defined herein shall have the meanings given to them in the Franchise Agreement. In the event of any conflict or inconsistency between the provisions of the Franchise Agreement, on one hand, and the provisions of this Agreement or any other agreement of the parties entered into pursuant hereto, on the other hand, then the former shall govern and control.

(P) Delegation. Franchisor has the right, in its sole discretion, to delegate the performance of all of (or any portion of) its rights and obligations or liabilities under this Agreement to designees, whether they are its affiliates, agents, or other independent contractors. Despite any such delegation, Franchisor shall remain solely responsible to Franchisee for any of Franchisor's obligations or liabilities under this Agreement.

[Signature Page Follows]

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

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By:_____
Name: _____
Title: _____

REAL ESTATE AFFILIATE:

[INSERT ENTITY NAME]

By:_____
Name: _____
Title: _____

Franchisee joins this Agreement and agrees, without limitation, to the provisions of Section 9(B) relating to cross default and Section 12 relating to Franchisor's option and right of first refusal, and further guarantees to Franchisor the performance of Real Estate Affiliate's obligations under this Agreement:

FRANCHISEE:

[INSERT ENTITY NAME]

By: _____
Name: _____
Title:_____

Exhibit H
to
Franchise Disclosure Document

ADDITIONAL REAL ESTATE AGREEMENTS

(current forms, which are subject to change)

Exhibit H.1
to
Franchise Disclosure Document

SUBORDINATION AGREEMENT

(attached)

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made and entered into as of the _____ day of _____, 20__, by and among, _____ (the "Lender"), **PRIMROSE SCHOOL FRANCHISING SPE, LLC** ("Primrose"), _____, a _____("Borrower"), _____, a _____ d/b/a **PRIMROSE SCHOOL OF/AT** _____ ("Franchisee"); and _____ (collectively "Guarantor").

W I T N E S S E T H:

Borrower owns certain land in _____ County, _____ more particularly described in Exhibit "A," attached hereto and incorporated herein by reference. Said land, together with all improvements and fixtures now or hereafter located thereon, all appurtenances thereto and all other property owned by Borrower located thereon and encumbered by the Loan Documents described below are hereinafter collectively referred to as the "Property."

Lender is making loans to Borrower (and Franchisee, as co-borrower) (collectively, the "Loan"), evidenced by promissory notes in the total face principal amount not to exceed $_____ and secured, in whole or in part, by deeds of trust (collectively, the "Security Deed"), assignments of leases and rents, and various related instruments in connection with the Loan, all of which encumber or relate to the Property, which are dated on or about this date and are herein collectively referred to as the "Loan Documents". The Loan is guaranteed by the Guarantor.

Primrose, Borrower and Franchisee have entered into that certain Franchise Agreement of even date herewith (the "Franchise Agreement"), pursuant to which Primrose has certain rights with respect to the Property (the "Acquisition Rights"). Pursuant to the terms of the Franchise Agreement, Borrower has executed and delivered to Primrose, a Memorandum of Acquisition Rights in connection with the Acquisition Rights (the "Memorandum of Acquisition Rights"), and Franchisee has executed and delivering to Primrose a Collateral Assignment of Tenant's Interest in Lease (the "Collateral Assignment"), both of which have been filed of record (or shall be filed of record) in the same real property records as the Loan Documents.

Lender requires that it receive a first priority security interest, prior and superior to the Acquisition Rights, and Primrose is willing to subordinate the Acquisition Rights and Memorandum of Acquisition Rights and certain other rights granted to Primrose in the Collateral Assignment but only on the terms and conditions set out herein. Lender is willing to agree to the terms and conditions set out herein below in order to induce Primrose to subordinate the Acquisition Rights to the Loan Documents and approve the Loan Documents, as required under the Franchise Agreement.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the closing of a financing as generally outlined above, the parties hereby covenant and agree as follows:

1. Subordination. Primrose and Lender agree that the Loan Documents shall be prior and superior to the Acquisition Rights, Memorandum of Acquisition Rights, Collateral Assignment and all other documents executed to Primrose with respect to the Property ("Primrose Collateral Documents"), with the same force and effect as though the Loan Documents were executed and

recorded prior to the date of execution and recordation of the Primrose Collateral Documents. Accordingly, Primrose hereby subordinates and makes its rights under the Primrose Collateral Documents inferior to the right, title and interest of Lender under the Loan Documents as to the Property. Lender acknowledges and consents to the terms of the Primrose Collateral Documents and agrees that the existence of the Primrose Collateral Documents shall not constitute a default under the Loan Documents, and the Primrose Collateral Documents shall remain in full force and effect as to the Property, but shall be second-in-priority behind the Loan Documents. The terms of this Subordination Agreement shall control in the event of any conflict or inconsistency between any term hereof and any term of the Loan Documents, and are hereby incorporated by reference into the Security Deed and other Loan Documents.

2. Modification of Security Documents. Lender agrees that, so long as the Primrose Collateral Documents remain in force, the Loan Documents will secure only the notes designated therein and no further advances (except for advances to pay any past due taxes or insurance premiums or to pay any other amounts paid to protect the Property, or advances under the construction loan in accordance with the loan documents), shall be made to Borrower without Primrose's prior written consent.

3. Notice of Default to Primrose; Rights of Primrose on Default. In the event of a monetary default under the Loan Documents or a default which would otherwise give the Lender the right to accelerate the Loan then, prior to acceleration, Lender will notify Primrose in writing of the nature of such default, and Primrose will thereupon have the following options and rights, in addition to any other rights available at law or in equity:

(a) Notice and Right to Cure. To cure or cause a cure of the default within ten (10) days in the case of a default consisting of the failure to make a payment of money to Lender, or fifteen (15) days or such longer period as is reasonable under the circumstances in the case of other defaults, from the date all cure periods under the Loan Documents have elapsed, Lender hereby agreeing to accept such cure. Any and all costs and expenses incurred by Primrose in effecting any cure shall be deducted from the purchase price payable to Borrower in the event Primrose purchases the Property under the Acquisition Rights, as set out in the Acquisition Rights. In the event such default is cured within said period, to the extent the indebtedness under the Loan Documents has been accelerated as a result of said default, the indebtedness shall be reinstated by Lender, so as to be payable upon the same terms and conditions in effect prior to said default. However, if Primrose fails to cure or cause a cure within such time, any default-related action previously taken by Lender shall continue in effect as of the date instituted; or

(b) Acquisition of Loan Documents. At any time after the default notice and prior to fifteen (15) days before the consummation of a foreclosure sale or sale under power of sale pursuant to the Security Deed, Primrose shall have the right and option (but no obligation whatsoever) to purchase the Loan Documents and any guarantees (except for SBA guarantees, if applicable), agreements and collateral securing same for an amount equal to the outstanding principal balance plus all accrued but unpaid interest, late charges, default interest and any actually incurred reasonable attorneys' fees of Lender's counsel. Upon notice from Primrose to Lender of Primrose's exercise of its right to purchase the Loan Documents and payment of the sums required hereby, the note secured by the Security Deed will be endorsed by Lender to Primrose without recourse or warranty and all the Loan Documents, including, without limitations, any and all guarantees, agreements or collateral, will be assigned by Lender to Primrose without

recourse or warranty except that the Lender shall warrant: (i) that it holds title to the aforesaid note and the other Loan Documents free and clear of any lien, claim or participation interest, (ii) that it has the right and power to assign and convey such documents, and (iii) the amount of the principal and interest balance under the Loan Documents on the date of transfer. The original documents purchased and the Lender's title insurance policy shall be delivered to Primrose at the closing of the purchase, and, in addition, if Primrose desires to obtain any other documents which have been provided to Lender by Borrower or by third parties relating to the Property or to the Loan, then, provided that such documents remain in the possession of Lender or are readily available to Lender, Lender will deliver such documents to Primrose at said closing. After the sale of the Loan Documents to Primrose is completed in accordance with the terms of this Paragraph, Primrose shall, and hereby agrees to, indemnify and defend Lender from and against any and all claims, demands, suits or actions in connection with the Loan which arise out of matters or circumstances occurring in connection with, or subsequent to, Primrose's acquisition of the Loan Documents.

4. Exercise of Acquisition Rights. In the event Primrose acquires title to the Property from Borrower as a result of exercising the Acquisition Rights (in its sole discretion), then Primrose shall either satisfy or assume the Loan.

5. Non-Disturbance and Attornment. Lender hereby agrees that, in the event Primrose exercises its rights under the Collateral Assignment and becomes the tenant under the lease of the Property between Borrower and Franchisee, as such lease may be modified pursuant to the terms of the Collateral Assignment (the "Lease"), then, so long as the Loan is (or is brought) current, and Primrose thereafter complies with and performs its obligations under the Lease: (a) Lender will take no action which will interfere with or disturb Primrose's possession or use of the Property or other rights under the Lease, and (b) in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, the Property shall be subject to the Lease and Lender shall recognize Primrose as having the right to occupy the Property for up to 360 days from the date Primrose takes possession as herein provided; provided, however, that Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which Primrose might have against any prior landlord, nor shall Lender be bound by any rent or additional rent which Primrose might have paid for more than the current month to any prior landlord, nor shall it be bound by any amendment or modification of the Lease (other than an amendment pursuant to the Collateral Assignment) made without its consent, nor shall it be construed as Primrose having assumed the Lease, with Primrose being liable for lease payments only for the term that it, in fact, occupies the Property, with Primrose having no obligation to occupy the Property unless it so elects. Primrose does hereby agree with Lender that, in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and Primrose becomes the tenant under the Lease pursuant to the Collateral Assignment, then Primrose shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term that it occupies the Property, and Primrose shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease and the Collateral Assignment, provided however if the Lease payment is less than the monthly payment due on the Loan, the monthly rental payment shall be equal to the monthly Loan payment. Lender consents to the terms of the Collateral Assignment and agrees to be bound thereby in the event it becomes the landlord under the Lease. Provided however, notwithstanding any other provision set out herein, Primrose shall have no right to occupy the Property for a period in excess of 360 days from the date it takes possession unless Lender and Primrose agree in writing to Primrose's occupancy beyond such period, and the Lease shall become null and void. The parties hereto agree that in the event Primrose takes possession of the Property as

contemplated by this paragraph 5, all rental payments due under the Lease shall be made by Primrose directly to Lender, pursuant to Lender's security interest in the Property (regardless of whether Lender has foreclosed on the Property), and applied against amounts due under the Loan.

6. Loan Information. Lender shall, upon inquiry, provide Primrose with the name, address and telephone number of the officer of Lender having responsibility for the administration of its loan to Borrower. Lender and Primrose shall be free to confer with one another from time to time either orally or in writing with regard to the Property, Borrower, Franchisee and Guarantor. Lender agrees to provide Primrose with such information and copies of documentation regarding the Loan as may be reasonably requested by Primrose.

7. Miscellaneous. The agreements contained herein shall continue in full force and effect until either all of Borrower's obligations and liabilities to Lender are paid and satisfied in full or the Acquisition Rights and Collateral Assignment have terminated and Franchisee's obligations to Primrose under the Franchise Agreement have expired. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns, and personal representatives of the parties hereto.

8. Borrower Execution. Borrower, Guarantor and Franchisee have executed and entered into this Agreement for the purpose of consenting and agreeing to the terms and conditions set forth herein, and to all actions of Lender and Primrose contemplated herein.

9. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses thereto ("Communication") permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon the earlier of: (i) being personally delivered, or (ii) three (3) days after being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any Communication must be given shall commence on the date of receipt thereof; and provided further that no notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received also constitutes receipt. Any communication, if given to Primrose, shall be addressed as follows:

Mr. Steven A. Clemente, President
Primrose School Franchising SPE, LLC
3200 Windy Hill Road SE, Suite 1200E
Atlanta, Georgia 30339

with a copy to:

_____
_____
_____

and, if given to Lender, shall be addressed as follows:

_____
_____
_____

and, if given to Borrower, Guarantor or Franchisee, shall be addressed as follows:

_____
_____
_____

10. Joint and Several Obligations. The obligations of Borrower, Guarantor and Franchisee hereunder shall be the joint and several obligations of such parties.

11. Lender not a Joint Venturer or Partner. Nothing herein shall be construed to create a partnership or joint venture to create a partnership or joint venture between Lender and Borrower and/or Franchisee and/or Primrose.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement under seal as of the date first above written.

Signed, sealed and delivered in the presence of:

LENDER:

_____

_____

_____

Unofficial Witness

By: _____

Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

FRANCHISEE:

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

PRIMROSE:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

_____ By: _____

Unofficial Witness Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of Primrose School Franchising SPE, LLC, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

BORROWER:

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

GUARANTOR:

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

EXHIBIT “A”
TO
SUBORDINATION AGREEMENT

[Legal description of Property]

Exhibit H.2
to
Franchise Disclosure Document

ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT

(attached)

ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION OF PURCHASE AND SALE AGREEMENT ("**Assignment**") is made by and between _____ ("**Seller**"), PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company ("**Assignor**") and _____, ("**Assignee**").

RECITALS:

A. Seller and Assignor have entered into an agreement for the purchase and sale of real estate dated _____, ("**Agreement**").

B. Assignor desires to assign, and Assignee desires to assume, all of Assignor's interest in the Agreement, including specifically, but without limitation, the Earnest Money (as defined below), for and in consideration of the sum of _____ and No/100 Dollars ($_____.00) ("**Assignment Fee**") and subject to such other terms and conditions as set forth in that certain Real Estate Development Agreement between Primrose School Franchising SPE, LLC and Assignee dated _____ (the "**Development Agreement**").

NOW, THEREFORE, in consideration of the premises, conditions and consideration contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Assignor hereby ASSIGNS, TRANSFERS and DELIVERS to Assignee, its successors and assigns, TO HAVE AND TO HOLD, all rights, title, interests and estate of Assignor as purchaser in, to and under the Agreement including, without limitation, any earnest money thereunder (the "**Earnest Money**"). Such Assignment is made by Assignor to Assignee without any representations or warranties whatsoever in regard to the Agreement or the real and personal property therein described (collectively, the "**Property**"), INCLUDING, WITHOUT LIMITATION, THE ENVIRONMENTAL CONDITION OF THE PROPERTY, THE PRESENCE OR ABSENCE OF HAZARDOUS SUBSTANCES OR OTHER CONTAMINANTS, THE MANNER, QUALITY, STATE OF REPAIR, OR LACK OF REPAIR OF THE PROPERTY, OR THE PROFITABILITY, HABITABILITY OR MARKETABILITY OF THE PROPERTY, OR THE SUITABILITY OF THE PROPERTY FOR ANY PARTICULAR PURPOSE. ASSIGNEE ASSUMES FULL RESPONSIBILITY FOR INSPECTING THE PROPERTY AND FOR ASCERTAINING WHETHER IT WISHES TO PROCEED WITH CLOSING THE TRANSACTION CONTEMPLATED BY THE PURCHASE AGREEMENT. ASSIGNOR WILL DELIVER TO ASSIGNEE THAT INFORMATION RELATING TO THE PROPERTY OBTAINED BY ASSIGNOR AS SPECIFIED IN THE DEVELOPMENT AGREEMENT, BUT ASSIGNEE ACKNOWLEDGES THAT ASSIGNOR HAS NOT MADE ANY INDEPENDENT INVESTIGATION OR VERIFICATION OF ANY INFORMATION DELIVERED TO ASSIGNEE AND MAKES NO REPRESENTATIONS AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION. Assignee does hereby accept the within Assignment without any warranty or representation whatsoever, express or implied, and subject to the terms and conditions set forth herein.

2. Assignee, as of the effective date of this Assignment, hereby assumes and agrees to perform all of Assignor's covenants, liabilities and obligations to be performed under the Agreement, and whether the same relate to the period prior to, on, or after the effective date of this Assignment, and to indemnify and hold Assignor harmless for any liability for performance or nonperformance of the duties, liabilities and obligations assumed by Assignee.

3. Seller hereby consents to this Assignment and agrees to look solely to Assignee for the performance of the Agreement, and releases Assignor from any obligations under said Agreement.

4. This Assignment shall be binding on and inure to the benefit of the parties hereto, their successors and assigns, and it is agreed that a faxed signature shall be acceptable to all parties hereto in lieu of the original of any such signature.

5. Assignee and Seller hereby acknowledge and agree that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Assignor shall have any liability for (i) any of Assignor's obligations or liabilities relating to or arising from this Assignment, (ii) any claim against Assignor based on, in respect of, or by reason of, the relationship between Assignee or Seller and Assignor, or (iii) any claim against Assignor based on any alleged unlawful act or omission.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Assignor, Assignee and Seller have executed this Assignment on the dates written below, with the effective date of this Assignment being the date on which the Assignor, Assignee, and Seller have executed the Assignment ("**Effective Date**").

ASSIGNOR:

PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company

BY: _____

NAME: _____

TITLE: _____

DATE EXECUTED: _____

(CORPORATE SEAL)

ASSIGNEE:

BY: _____

NAME: _____

TITLE: _____

DATE EXECUTED: _____

(CORPORATE SEAL)

SELLER:

BY: _____

NAME: _____

TITLE: _____

Exhibit H.3
to
Franchise Disclosure Document

MEMORANDUM OF ACQUISITION RIGHTS

(attached)

MEMORANDUM OF ACQUISITION RIGHTS

THIS MEMORANDUM OF ACQUISITION RIGHTS is made this _____ day of _____, 20__, by and among _____, a _____d/b/a PRIMROSE SCHOOL OF _____ ("**Franchisee**"), _____, a _____ ("**Owner**"), and PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company, located at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 ("**Franchisor**").

W I T N E S S E T H:

Franchisee, Owner and Franchisor have entered into that certain Primrose School Franchise Agreement of even date (the "**Franchise Agreement**"), pursuant to which Owner and Franchisee have granted Franchisor or its designee certain limited rights to acquire the real property described on Exhibit "A" attached hereto (including buildings and improvements thereon, the "**Property**"), which rights are further modified by that certain Addendum to Primrose School Franchise Agreement of even date herewith (the "**Addendum**").

This Memorandum has been executed and delivered for the purpose of giving notice of Franchisor's or its designee's limited acquisition rights with respect to the Property. It is intended for notice purposes only. Reference must be made to the Franchise Agreement, as modified by the Addendum, for the full terms and provisions of Franchisor's or its designee's acquisition rights with respect to the Property.

This Memorandum will terminate ninety (90) days after the termination of the Franchise Agreement, whether by expiration or earlier termination, which termination shall be (i) if the Franchise Agreement is not renewed, no later than ten (10) years from the date of the Franchise Agreement or (ii) if the Franchise Agreement is renewed, no later than thirty (30) years from the date of the Franchise Agreement.

[SIGNATURES START ON NEXT PAGE]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the date first above written.

Signed, sealed and delivered in the presence of:

FRANCHISEE:

_____

_____

_____

Unofficial Witness

By: _____

Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

OWNER:

_____

By: _____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

_____ By: _____

Unofficial Witness Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of Primrose School Franchising SPE, LLC, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public:_____

My commission expires:_____

[Notarial Seal]

Exhibit A
to
Memorandum of Acquisition Rights

LEGAL DESCRIPTION OF PROPERTY

Exhibit H.4
to
Franchise Disclosure Document

COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

(attached)

COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

THIS COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE (this "**Collateral Assignment**") is entered into by and among _____, a(n) _____ ("**Assignor**"), and **PRIMROSE SCHOOL FRANCHISING SPE, LLC**, a Delaware limited liability company ("**Assignee**"), and _____, a(n) _____ ("**Landlord**"), this _____ of _____, 20__;

W I T N E S S E T H:

WHEREAS, Assignor and Assignee have entered into that certain Franchise Agreement, dated _____ (the "**Franchise Agreement**"), with respect to the operation of a "**Facility**" (as defined in Section 1.1 of the Franchise Agreement) by Assignor. Assignor wishes to operate its Facility at certain premises owned by Landlord. Pursuant to Section 3.4 of the Franchise Agreement, the form of any lease agreement for a Facility must be approved by Assignee in writing prior to the execution of such lease.

WHEREAS, Assignor and Landlord have entered into that certain lease agreement dated _____ (the "**Lease**"), with respect to the premises, as more particularly described therein (the "**Premises**"), for the operation of a Facility by Assignor;

WHEREAS, Assignee desires, as a condition to approving the Lease and making various accommodations to Assignor under the Franchise Agreement, to be granted this Collateral Assignment and the protections contained herein, which are intended to, among other things, enable Assignee to continue the operation of a Facility on the Premises notwithstanding any termination of the Franchise Agreement.

WHEREAS, Assignor and Landlord wish to enter into this Collateral Assignment in order to induce Assignee to approve the Lease and the Premises and, in the instance of Assignor, in order to induce Assignee to provide to Assignor various other accommodations and approvals under the Franchise Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein and in the Franchise Agreement, the sum of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Landlord and Assignee agree as follows:

1. Collateral Assignment. Assignor hereby grants, transfers, mortgages and assigns to Assignee all of Assignor's right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof (including, without limitation, any renewals or extensions thereof as set forth in Section 5.b hereof) and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease, subject to the limitations and conditions herein provided. Assignor and Landlord warrant and represent that a true, accurate, current and complete copy of the Lease has been delivered to Franchisor.

2. Purpose of Assignment. This Collateral Assignment is given as collateral for the purpose of securing the performance and discharge by Assignor of each and every obligation, covenant, duty and agreement contained in (i) this Collateral Assignment, (ii) the Franchise Agreement, and (iii) any other agreement entered into by and between Assignee and Assignor or its principals or affiliates or any related party, including without limitation any promissory note,

deed to secure debt or other evidence of, or collateral for, any indebtedness or any other obligation in any way related to the Franchise Agreement (all such obligations described in this Section 2 being hereinafter collectively referred to as the "**Obligations**"). Assignee hereby grants to Assignor a license to possess, use and enjoy the Premises as the tenant under the Lease, such license to be automatically revoked upon Assignee exercising its rights under Section 4 hereof, if such rights are exercised as provided.

3. Covenants of Assignor and Landlord. Assignor and Landlord covenant with Assignee to observe and perform all of the obligations imposed upon them under the Lease and not to do or permit to be done anything to impair the existence and validity of the Lease or the security of Assignee hereunder; and not to execute or permit any other sublease or assignment of the tenant's interest under the Lease; and not to modify or amend the Lease in any respect without Assignee's prior written consent.

4. Default. Upon or at any time after default in the performance of any of the Obligations, or default under any of the agreements underlying the Obligations (including, but not limited to, the Franchise Agreement), or default by Assignor under the Lease, Assignee may, at its option, without in any way waiving such default, upon five (5) days' notice to Assignor and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises pursuant to the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as herein provided. Assignor shall indemnify and hold Assignee harmless from and against, and Landlord hereby releases Assignee from, any and all claims, actions, damages and expenses (including, without limitation, attorneys' fees) arising (i) out of Assignor's failure to perform under the Lease or any breach by Assignor of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to Assignee's taking possession of the Premises pursuant to this Section 4. The exercise by Assignee of the option granted it in this Section 4 shall not be considered a waiver by Assignee of any default by Assignor under the Obligations or under the Lease, and shall not be deemed to be an assumption of the Lease by Assignee. It being acknowledged that Assignee shall only be liable to Landlord for rental payments accruing under the Lease during the time period Assignee elects to occupy the Premises, and fulfilling during such occupancy, Tenant's obligations in regard to the payment of taxes, insurance, and ongoing maintenance obligations under such Lease, and the payment of any common area maintenance obligations, if any, and only if Assignee provides notice to Landlord and Assignor of the exercise of the option pursuant to the provision of this Section 4.

5. Landlord's Agreements.

a. Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by Assignor under the Lease, Landlord will give Assignee written notice thereof and permit Assignee to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Section 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment) on a month to month basis, for a total time period not to exceed three hundred sixty (360) days ("**Occupancy Period**"), which occupancy rights if exercised shall not be deemed or construed as an assumption of the Lease, and being terminable upon thirty (30) days' notice to Landlord. Landlord agrees that Assignor, and not Assignee or its sublessees or assigns, shall be responsible for all obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by Assignee. This Collateral Assignment is hereby incorporated by reference into the Lease and

shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby.

b. Franchise Materials. Upon the termination of the Lease for any reason, Landlord will at no expense to Landlord provide access to the Premises for the purpose of Assignee retrieving any and all materials which the Assignor is required to return to Assignee under the Franchise Agreement, including, without limitation, the Assignee School Confidential Operations Manual(s) and any other confidential information and trade secret information of Assignee, as defined in the Franchise Agreement. Landlord acknowledges Assignee's ownership rights in such materials and agrees that Landlord is not entitled to retain such materials as its property.

c. Franchise Improvements. Upon the termination of the Lease for any reason, Assignee shall be entitled, within fifteen (15) days after any such termination, to delete or remove any signs and other improvements containing the trademarks, service marks, symbols, logos, emblems and other distinctive features of the Primrose School system, so long as Assignee promptly repairs, at its sole expense, any damage caused thereby.

d. Subleasing; Miscellaneous. Notwithstanding any provision of the Lease, Landlord agrees that Assignee may sublease or assign all or any of its interest in the Lease to a Franchisee of Assignee which meets Assignee's qualifications ("**Qualified Franchisee**") for a time period not to exceed the Occupancy Period. Provided however, such Qualified Franchisee, upon notice to Landlord, shall have the right, upon written notice to Landlord, to assume the Lease for the remainder of the existing Lease term, including the right to exercise any option terms under the Lease. If Assignee elects to occupy the Premises as described in the Lease, upon taking possession of the Premises under Section 4 hereof, Assignee shall, pursuant to the Tenant's rights and obligations under the Lease, have the full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof to the extent, allowed under the Lease.

6. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the State where the Premises are located.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned parties have hereto set their hands and affixed their seals on the date and year first above written.

ASSIGNOR:

_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____, and who, upon oath, acknowledged that _____ is the _____ of _____, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed for the purposes therein contained, in its name by _____ as its _____.

Witness my hand and official stamp this _____ day of _____, 201_.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

ASSIGNEE:
PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

State of Georgia,

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he is the _____ of Primrose School Franchising SPE, LLC, a Delaware limited liability company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

LANDLORD:
_____, a
_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____

_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he/she is the _____ of _____, and that by authority duly given and as the act of the _____, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires:_____ _____
Notary Public
[Notarial Seal]

Exhibit H.5
to
Franchise Disclosure Document

SITE FIRST LEASE

(including Rent Guarantee Agreement)

(attached)

LEASE

of

PROPERTY

Between

_____,
a _____, as Landlord,

and

PRIMROSE SCHOOL FRANCHISING COMPANY LLC
a Georgia limited liability company, as Tenant,

Address of Premises: _____

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LEASE

This Lease (the "**Lease**") is made on the _____ day of _____, 202_ (the "**Effective Date**") between _____, a _____ (the "**Landlord**") and **PRIMROSE SCHOOL FRANCHISING COMPANY LLC**, a Georgia limited liability company (the "**Tenant**"), and constitutes a Lease between the parties of the Premises as defined in Section 1.02 hereof, on the terms and conditions and subject to the covenants and agreements of the parties hereinafter set forth (the "**Lease**"). The Premises consist of the land and improvements depicted on the Site Plan attached to this Lease as **Schedule B**, which land is further described in the Legal Description attached to this Lease as **Schedule E**.

SECTION 1: BASIC LEASE PROVISIONS

1.01 The basic lease provisions, which are part of and in certain instances are referred to in the subsequent provisions of this Lease, are set forth in **Schedule A** are incorporated into this Lease by reference herein.

1.02 The following words and terms shall have the following meanings:

"**Additional Rent**" shall mean Taxes and Assessments, Expenses, Utilities and Late Charges and Interest pursuant to Sections 5, 6, 7 and 8, respectively.

"**Basic Rent**" shall mean the basic rent specified in **Schedule A**.

"**Commencement Date**" shall mean the same date as the Substantial Completion Date (as defined herein).

"**Development Agreement**" shall mean the agreement as so defined in **Schedule A**.

"**Original Expiration Date**" shall mean the original expiration date specified in **Schedule A**.

"**Premises**" shall mean the premises specified in **Schedule A**.

"**Rent Commencement Date**" shall mean the rent commencement date specified in **Schedule A**.

"**Security Deposit**" shall mean One Hundred Thousand and no/100 Dollars ($100,000.00) to be held and applied by Landlord pursuant to the provisions of Section 4.04 hereto; provided, however, so long as Primrose School Franchising Company LLC, Primrose School Franchising SPE, LLC or one of their affiliated entities is the Tenant under this Lease, there shall be no Security Deposit.

SECTION 2: CONSTRUCTION OF IMPROVEMENTS

2.01 Landlord agrees to construct and install in the Premises, the improvements, if any, as depicted on the Site Plan in accordance with the terms and conditions of the Development Agreement in substantial compliance with the Site Plan, subject to such modifications as may be permitted under the Development Agreement ("**Landlord's Work**") prior to delivery of the

Premises. Landlord's Work shall be completed in a good and workmanlike manner and in compliance with all applicable building, health, environmental, safety and other ordinances, codes and regulations. Landlord and Tenant have both approved of the improvements set forth in **Schedule B** and any minor changes from **Schedule B** permitted under the Development Agreement shall not affect, change or invalidate this Lease. Tenant shall be responsible for obtaining all permits, approvals and licenses required by any federal, state, city and local governmental or quasi-governmental entities or agencies ("**Approving Authorities**") to the extent necessary solely for Tenant's use and operation of the Premises for the Permitted Use, including as necessary to meet Tenant's signage requirements (collectively, the "**Operating Licenses**"), as distinguished from utilities, building permits, licenses and any other required permits and approvals necessary for the construction of the improvements to the Premises. Landlord agrees to cooperate, at Tenant's sole cost and expense, and assist Tenant in good faith in Tenant's efforts to obtain the Operating Licenses. Landlord shall not provide and has no obligation to supply signage panels for installation on the building or monument or other signage structures, furniture, trade fixtures, operating materials or any vehicles to be used by Tenant. With respect to signage, Landlord shall only be responsible for installation of the infrastructure of the monument signage and electrical service thereto and electrical service to signage on the building, to the extent Tenant obtains the appropriate Operating Licenses. Landlord is not obligated to supply or construct any desks, chairs, other personal property or pour in play.

2.02 Any improvements to the Premises other than Landlord's Work shall be referred to as "**Tenant's Work**" and shall be constructed by Tenant at Tenant's sole cost and expense. Tenant shall be responsible for completing Tenant's Work after the Substantial Completion Date (as defined in Section 3.02 below), unless prior installation is approved by Landlord in writing or expressly allowed herein. Subject to the terms herein, Landlord shall provide Tenant with access to the Premises prior to the Substantial Completion Date for Tenant to prepare for child care licensing, but such earlier access provided to Tenant shall not constitute an acceptance of the Premises by Tenant nor be deemed to be the Commencement Date of the Lease. If Tenant enters the Premises prior to the Substantial Completion Date, Tenant may only do so upon Landlord's prior written approval, at Tenant's sole risk and at Tenant's sole cost, subject to the following: (i) Tenant's early entry may not unreasonably interfere with the construction of the Premises or cause labor difficulties; (ii) Tenant's early entry shall be on all the terms and conditions of this Lease other than the payment of Rent during any period of early entry (including Tenant's indemnification and insurance obligations hereunder), and shall be limited to the purposes set forth in Tenant's request to Landlord to authorize entry; and (iii) Tenant agrees to indemnify, defend and hold harmless Landlord, its members, managers and officers, general contractor, and agents and employees of any of them from and against all claims, demands, costs and liabilities (including reasonable attorneys' fees) arising from Tenant's or Tenant's agents' entry onto the Premises, except those claims, demands, costs and liabilities resulting from the negligence or willful misconduct of Landlord or its general contractor, their employees, agents, subcontractors and licensees. Tenant's Work, if any, shall be done in a good and workmanlike manner, and in compliance with all applicable building, health, safety, and other ordinances, codes and regulations. Tenant shall be responsible for obtaining, at its sole cost and expense, all necessary governmental permits, licenses and approvals referenced above as Operating Licenses.

2.03 Tenant shall: (a) pay before delinquency all costs and expenses of Tenant's Work; (b) keep title to the Premises, Tenant's Work, and every part thereof free and clear of any lien or

encumbrance in respect to Tenant's Work; and (c) indemnify and hold harmless Landlord against any claim, loss, cost, demand (including legal fees), arising out of the supply of material, services or labor for Tenant's Work. Tenant shall immediately notify Landlord of any lien, claim of lien, or other action of which Tenant has or reasonably should have knowledge and which affects the title to the Premises or any part thereof, and shall cause the lien to be removed within thirty (30) days (or such additional time as Landlord may consent to in writing), either by paying and discharging such lien or by posting a bond or other security reasonably satisfactory to Landlord. If Tenant fails to remove the lien within thirty (30) days, Landlord may take action as Landlord deems necessary to remove the lien and the entire cost, including legal fees, shall be immediately due and payable from Tenant to Landlord.

SECTION 3: TERM OF LEASE

3.01 Landlord and Tenant shall be bound by all duties and obligations hereunder beginning on the Effective Date, unless otherwise set forth herein. The Term of this Lease shall begin on the Commencement Date, and end on the Original Expiration Date, as set forth in **Schedule A**, unless extended or sooner terminated as herein set forth. The period commencing on the Commencement Date and ending on the Original Expiration Date shall be referred to as the "**Original Term**." Each subsequent term as a result of the exercise of an Option to Renew Term (as defined in Section 39) shall be referred to herein as a "**Renewal Term**." The Original Term and Renewal Terms (if any) are sometimes hereinafter referred to collectively as the "**Term**" and the date on which the Term expires may be referred to herein as the "**Expiration Date.**"

3.02 Tenant shall take possession immediately upon Substantial Completion of the Premises and the date of Substantial Completion shall be known herein as the "**Substantial Completion Date**". "**Substantial Completion**" of the Premises and the "**Substantial Completion Date**" shall be as mutually agreed upon by Landlord and Tenant. If Landlord and Tenant are unable to reach an agreement on the Substantial Completion Date after reasonable effort, the Substantial Completion Date shall mean the earlier of the following: (i) the date on which Landlord, in the reasonable determination of the architect of record with respect to the Premises, has sufficiently completed Landlord's Work in accordance with the approved plans so that Tenant can occupy or utilize the improvements for Tenant's intended use, except for punch list items and Tenant's Work; or (ii) the date on which Landlord has obtained and delivered to Tenant the final or temporary certificate of occupancy or other similar instrument from the local governmental authority permitting Tenant to occupy and use the Premises for its intended use, only if such certifications are available in a particular jurisdiction.

3.03 Within sixty (60) days of the last to occur of (i) Substantial Completion and (ii) the date on which the actual Basic Rent for the Premises is determined in accordance with the provisions of **Schedule I** attached hereto, Landlord and Tenant shall execute a written instrument in the form attached hereto as **Schedule D** confirming, among other things, the initial Basic Rent, Commencement Date, Rent Commencement Date and Original Expiration Date.

3.04 This Lease shall terminate on the Expiration Date without notice from either Landlord or Tenant. Tenant hereby waives notice to vacate or quit the Premises and agrees that Landlord shall be entitled to the benefit of all provisions of the law respecting the summary recovery of possession of the Premises from a Tenant holding over to the same extent as if statutory

notice had been given. Tenant hereby agrees that if it fails to surrender the Premises at the Expiration Date, Tenant will be liable to Landlord for any and all damages Landlord suffers by reason thereof, and Tenant will indemnify Landlord against all claims and demands made by any succeeding tenants against Landlord because of Landlord's delay in delivering possession of the Premises to such succeeding tenant.

SECTION 4: RENT; BASIC RENT; ADDITIONAL RENT; SECURITY DEPOSIT

4.01 The rent payable under this Lease shall be the Basic Rent as defined in **Schedule A** (to be finalized in the Commencement Date Certificate) and the Additional Rent as defined in Section 1.02 (hereinafter referred to as "**Rent**"). Beginning with the Rent Commencement Date, Tenant shall pay Landlord Basic Rent as provided for in **Schedule A**. Any shortfall in Rent for the period between the Rent Commencement Date and execution of the Commencement Date Certificate shall be paid by Tenant to Landlord on the first day of the month after the month the Commencement Date Certificate is signed.

(a) The Rent shall be paid in advance to Landlord at the office of Landlord or as otherwise designated from time to time by written notice from Landlord, on or before the first day of each month during the Term.

(b) The payment of Rent hereunder is independent of each and every other covenant and agreement contained in this Lease, and Rent shall be paid without any setoff, abatement, counterclaim or deduction whatsoever, unless otherwise set forth in this Lease.

4.02 The Basic Rent shall be net to Landlord, so that the Rent payable under this Lease shall yield, net to Landlord, not less than the Basic Rent specified in **Schedule A** hereof during the Term of this Lease, and that all Additional Rent, costs, expenses and charges relating to the Premises which may become due during the Term of this Lease shall be paid by Tenant.

4.03 In the event that Landlord makes any payment on behalf of Tenant pursuant to this Lease, including without limitation those Tenant obligations set forth in Sections 2.03, 5.01 and 6.01, and to the extent not cured within the time provided, Tenant's obligation to pay or reimburse Landlord shall be deemed an obligation to pay Additional Rent.

4.04 Landlord shall retain the Security Deposit as security for the full and faithful performance by Tenant of each and every term, covenant and condition of this Lease. The Security Deposit will not bear interest and may be commingled with other funds of Landlord. In the event Tenant is in default under this Lease beyond all applicable notice and cure periods, Landlord may use and apply the whole or any part of the Security Deposit for the payment of any sum due Landlord or which Landlord may expend or be required to expend by reason of Tenant's default or failure to perform, including, but not limited to, any damages or deficiency in the reletting of the Premises; provided, however, that any such use, application or retention by Landlord of the whole or any part of the Security Deposit shall not be or be deemed to be an election of remedies by Landlord or viewed as liquidated damages, it being expressly understood and agreed that, notwithstanding such use or application, Landlord shall have the right to pursue any and all other remedies available to it under the terms of this Lease or otherwise. In the event that Landlord uses or applies any portion of the Security Deposit as hereinabove provided, Tenant shall replenish such

applied portions thereof within five (5) days of Landlord's demand. In the event that Tenant has fully complied with all of the terms, covenants and conditions of this Lease, the Security Deposit shall be returned to Tenant within thirty (30) days after the last to occur of the expiration or earlier termination of this Lease and the return of possession of the Premises to Landlord. In the event of a sale of the Premises, Landlord shall transfer the Security Deposit to the purchaser, Landlord shall thereupon be released from all liability for the return of such Security Deposit, and Tenant shall look solely to the new Landlord for the return of such security deposit.

SECTION 5: TAXES AND ASSESSMENTS

5.01 Beginning with the Commencement Date, Tenant agrees to pay as Additional Rent for the Premises, all real and personal property taxes and assessments, water and sewer tap-in or connection charges which accrue after the Commencement Date, general and special, and all other governmental impositions which may be levied upon the land or the Premises, or any part thereof, or income generated therein (other than net income taxes or taxes paid by Landlord on the rent paid by Tenant to Landlord), whether or not now customary or within the contemplation of the parties hereto (hereinafter "**Taxes**"). Notwithstanding anything to the contrary contained herein, in no event shall Taxes include any federal, state or local government income, franchise, estate, succession, inheritance or transfer taxes assessed against Landlord; provided, however, Tenant remains responsible for transfer taxes levied or charged by a governmental authority resulting from the making or entering into of this Lease. If any special assessment payable in installments is levied against all or any part of the Premises, then Taxes for the calendar year in which such assessment is levied and for each calendar year thereafter shall include only the amount of any installments of such assessment plus interest thereon paid or payable during such calendar year (without regard to any right to pay, or payment of, such assessment in a single payment). All Taxes shall be paid by Tenant directly to the taxing authority and Tenant shall provide copies of the payments and evidence of receipt by the taxing authorities upon Landlord's request. If, during the Term of this Lease (i) the real property taxes levied or assessed against the real property are reduced or eliminated, whether the cause thereof is a judicial determination of unconstitutionality, a change in the nature of the taxes imposed, or otherwise, and (ii) there is levied, assessed or otherwise imposed upon the Landlord, in substitution for all or part of the tax thus reduced or eliminated, a tax (hereinafter called the "**Substitute Tax**") which imposes a burden upon Landlord by reason of its ownership of the real property, the Substitute Tax shall be deemed a real estate tax for purposes of this paragraph.

5.02 Landlord shall have the right, but in no event the affirmative obligation, to contest the assessed valuation of or the real estate taxes levied on the Premises, by the appropriate proceedings. If Landlord contests the taxes and as a result the taxes are reduced, Tenant shall pay all reasonable costs and expenses incurred by Landlord in connection with such contest. Landlord agrees to use reasonable efforts to ensure the Taxes are fairly assessed and agrees to file a protest or appeal if commercially reasonable. In the event Landlord fails to do so, Tenant shall have the right to contest or protest Taxes.

SECTION 6: EXPENSES

6.01 Tenant agrees to conduct all repairs and maintenance with respect to the Premises which are Tenant's responsibility as provided more specifically in Section 11 herein. Beginning

on the Commencement Date, Tenant shall pay, as Additional Rent, when due (and prior to imposition of any penalties, costs, fines or interest) all municipal charges, water and sewer rates, rents and charges, gas, electrical and other utility, costs and charges, license and permit fees, excise levies and all other burdens, impositions, fees, costs, charges, assessments and levies of every kind and nature whatsoever, whether general or special, ordinary or extraordinary, foreseen or unforeseen, which may at any time during the Term be levied, assessed, confirmed, or imposed upon, or required or incurred in connection with the use, occupancy, ownership, operation or leasing of the Premises or any part thereof, as now or hereafter improved, or upon the rents or income therefrom (all of the foregoing collectively referred to as "**Expenses**"). To the extent the Premises does not contain common areas, nor is contiguous to other parcels owned by Landlord (or its affiliate), then Landlord shall not be entitled to receive any management or administrative fee in connection with the Premises; provided, however, if there are common areas or a multi-tenant development owned by Landlord (or its affiliate), Landlord shall have the right to charge Tenant a commercially reasonable management and administrative fee. The Expenses shall not include any amounts paid to Landlord, or subsidiaries or affiliates of Landlord, for management or any other services on the Premises. Except as provided below, Tenant shall pay all Expenses directly to the proper authority, utility, municipality, or other entity owed for such Expenses. Except as otherwise provided in this Lease, it is the intention of Landlord and Tenant that the Basic Rent reserved herein shall be received and enjoyed by Landlord as a net sum free from all claims on the part of Tenant for diminution, setoff, abatement, and from Expenses, except for federal, state or local government income, franchise, estate, succession, inheritance or transfer taxes assessed against Landlord. Tenant shall pay all interest and penalties imposed upon the late payment of any Expenses. Within ten (10) business days after written request of Landlord from time to time, Tenant shall deliver to Landlord copies of official receipts or other appropriate proof of payment reasonably satisfactory to Landlord of all Expenses required to be paid by Tenant. Tenant shall indemnify Landlord against any liability or damages which Landlord may sustain by reason of Tenant's failure to make such payment. Except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors: the interruption or cessation of utility services shall not be construed as an actual or constructive eviction of Tenant; or permit an abatement of any Basic Rent; or relieve Tenant from the obligations of any covenant or agreement of this Lease.

SECTION 7: UTILITIES

7.01 Tenant agrees to pay as Additional Rent all charges made against the Premises for gas, heat, water, electricity, sewage disposition, telephone and all other utilities during the Term of this Lease as they become due. The quantity of electricity and natural gas and other utilities furnished to the Premises shall be metered at the Premises by the public utilities and Tenant shall make timely payment for all such utilities. Except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors: Landlord shall not be liable to Tenant for the quality or quantity of such utilities, or for any interruption in the supply of any such utilities.

SECTION 8: LATE CHARGES AND INTEREST

8.01 Tenant hereby acknowledges that late payment by Tenant to Landlord of Rent or other sums due hereunder will cause Landlord to incur costs not contemplated by this Lease, the

exact amount of which is extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges and late charges which may be imposed upon Landlord by the terms of any mortgage or deed of trust covering the Premises. Accordingly, if any installment of Rent or any other sum due from Tenant is not received by Landlord within five (5) days after said amount is due, Tenant shall pay to Landlord a late charge equal to five (5%) percent of the amount due plus all reasonable costs (including attorneys' fees) incurred by Landlord because of Tenant's failure to pay Rent and/or other charges when due ("**Late Charges**"); provided, however, that, with respect to the first late payment in any twelve (12) month period, Landlord shall provide written notice of non-payment and such Late Charges shall not accrue until Tenant fails to make payment within five (5) days after written notice thereof. Landlord and Tenant agree that the Late Charges represent a fair and reasonable estimate of the costs that Landlord will incur by reason of Tenant's late payment. Acceptance of Late Charges by Landlord does not constitute a waiver of Tenant's default with respect to the overdue amount, nor prevent Landlord from exercising any of the other rights and remedies granted hereunder. The Late Charges shall be deemed Additional Rent and Landlord's rights to it shall be in addition to all of Landlord's other rights and remedies hereunder or at law and shall not be construed as liquidated damages or as limiting Landlord's remedies in any manner. Acceptance by Landlord of an amount less than that currently due and owing shall not constitute a waiver by Landlord of its right to collect the entire balance due and owing from Tenant to Landlord. On default of payment of Late Charges, Landlord shall have the same remedies as on default of payment of Rent.

8.02 If any Rent, Late Charges, or any other sums payable by Tenant to Landlord are not paid within fifteen (15) days after the due date, the Rent, Late Charges or other sums shall bear interest at the annual rate of two percentage (2%) points above the rate then most recently announced by JP Morgan Chase in Chicago, Illinois (or any successor thereto) as its prime or corporate base lending rate, from time to time in effect, but in no event higher than the maximum rate permitted by law. Such interest shall be due from Tenant to Landlord as Additional Rent on or before the next Rent due date and shall accrue from the date that such Rent, Late Charges or other sums are due under the Lease and shall continue to accrue until Tenant pays the Rent, Late Charges or other sums due. On default of payment of interest, Landlord shall have the same remedies as on the default of payment of Rent. Such interest shall be in addition to any other rights or remedies Landlord may have as provided by this Lease or as allowed by law.

SECTION 9: USE OF PREMISES; TENANT EXCLUSIVE

9.01 Tenant shall only be permitted to use and occupy the Premises as a child-care center and learning facility, including without limitation, Montessori and other variations of early education (which use shall include related activities, including, without limitation, Tenant's right to prepare food for its students and employees) ("**School Use**") and any other lawful use (collectively, the "**Permitted Use**"); provided, however, in no event shall any use (i) violate any local, state or federal law, ordinance, rules or regulation; (ii) violate any operating or reciprocal easement agreements affecting the Premises existing as of the date of this Lease; (iii) violate any deed restrictions existing as of the date of this Lease; or (iv) with respect to any use other than a School Use, compete with a user of any other buildings owned by Landlord or any subsidiary or affiliate of Landlord within a one (1) mile radius of the Premises, so long as the original Landlord (or an affiliate) remains the owner of the Premises. Landlord represents and warrants that use of the Premises for a School Use does not violate any of the restrictions described in clauses (i), (ii),

(iii) or (iv) above as of the date of this Lease. Tenant shall not be obligated to be open or operate the Premises so long as Tenant pays all Rent that becomes due and payable under this Lease, in accordance with the terms and conditions set forth herein, and satisfies all of its other obligations under this Lease in accordance with the terms and conditions set forth herein, including but not limited to, the obligation to repair, maintain and insure the Premises during any period in which Tenant is not open and operating. As a material inducement for Tenant to enter into this Lease, Landlord covenants and agrees that, during the Term of this Lease and any renewals or extensions thereof, it shall not use or lease, nor suffer or permit to be used or leased, any other property controlled by Landlord within one (1) mile of the Premises for a School Use (the "**Tenant Exclusive**"). For purposes of this Section, Landlord shall include, but shall not be limited to, any entity in which Landlord has, or subsequently acquires, an interest, and any entity controlled by, under common control with or controlling Landlord. Notwithstanding anything to the contrary, however, the Tenant Exclusive shall not apply to any property leased to a third party for a School Use as of the Effective Date (whether such property is occupied by such third party or a replacement tenant).

9.02 Tenant shall not do, or expressly permit Tenant's employees and agents to do, anything that is injurious to the Premises, constitutes a nuisance, is contrary to any law, ordinance, rule, regulation or order, or is in violation of the Certificate of Occupancy issued for the Premises.

9.03 At all times during the Term of this Lease, Tenant shall give prompt notice to Landlord of any notice of violation of any law or requirement of a governmental authority affecting the Premises. Except to the extent Landlord is liable therefor under the express terms of this Lease, at Tenant's sole cost and expense, Tenant shall comply with all laws and requirements of governmental authorities, including any violation, order or duty imposed upon Landlord or Tenant, arising from or relating to: (a) Tenant's use of the Premises; (b) the manner or conduct of Tenant's business or operation of its equipment or other property therein; (c) any cause or condition created by or at the insistence of Tenant; or (d) any breach of Tenant's obligations under this Lease.

9.04 Tenant and its agents, employees, contractors and invitees shall faithfully observe and comply with any rules and regulations, attached hereto as **Schedule C**, and such reasonable change thereto, whether by modification, elimination or addition, as Landlord and Tenant may agree after the Effective Date (the "**Rules and Regulations**"). If there is a conflict or inconsistency between the provisions of this Lease and any of the Rules and Regulations, the provisions of this Lease shall control. Landlord shall enforce the Rules and Regulations against all parties subject thereto in a fair and non-discriminatory manner.

9.05 Other than in the normal course of Tenant's business, Tenant covenants and agrees that it shall not cause or permit the Premises to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process hazardous substances (as defined by all applicable federal, state or local laws) or other dangerous or toxic substances, or solid waste, except in compliance with all applicable federal, state and local laws, ordinances, rules and/or regulations.

9.06 Tenant may erect or install any building or roof signs or any exterior or interior window or door signs, advertising media, window or door lettering or placards, or any exterior stands, awnings, lighting or any material, as determined in Tenant's reasonable discretion, so long as in compliance with applicable law. Thereafter, Tenant shall keep the same in good condition

and repair at all times. Tenant shall repair, paint and/or replace the building facia surface to which its signs are attached upon vacation of the Premises, or the removal or alteration of its signage.

9.07 Tenant shall not use, suffer or expressly permit the Premises, or any portion thereof, to be used by Tenant, any third party, or the public without restriction or in manner that might reasonably impair Landlord's title to the Premises, or any portion thereof, or in a manner that might reasonably make possible a claim or claims of adverse usage or adverse possession by the public or third persons, or of implied dedication of the Premises or any portion thereof. Nothing contained herein and no action or inaction by Landlord shall be construed to mean that Landlord has granted to Tenant any right, power or permission to do any act or make any agreement that may create, give rise to, or be the foundation for any such right, title, interest, lien, charge or other encumbrance upon the estate of Landlord in the Premises.

SECTION 10: INDEMNIFICATION

10.01 Subject to the waivers in Section 14.06(d), Tenant shall indemnify, defend (with counsel reasonably acceptable to Landlord) and hold Landlord harmless from any damage to any property or injury to or death of any person arising from Tenant's use of the Premises, except to the extent such damage or injury was caused by the negligence or willful misconduct of the Landlord, its agents, employees or contractors. The foregoing indemnity obligation of Tenant shall include attorney fees, investigation costs and other reasonable costs and expenses incurred by Landlord from the first notice that any claim or demand is made or may be made. The provisions of this Section 10.01 shall survive the expiration or earlier termination of this Lease with respect to any event occurring prior to such expiration or earlier termination and shall not diminish Developer's warranty obligations under the Development Agreement.

10.02 Subject to the waivers in Section 14.06(d), Landlord shall indemnify, defend (with counsel reasonably acceptable to Tenant) and hold Tenant harmless from any damage to any property or injury to or death of any person arising from or caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors. The foregoing indemnity obligation of Landlord shall include reasonable attorney fees, investigation costs and other reasonable costs and expenses incurred by Tenant from the first notice that any claim or demand is made or may be made. The provisions of this Section 10.02 shall survive the expiration or earlier termination of this Lease with respect to any event occurring prior to such expiration or earlier termination.

SECTION 11: REPAIRS, MAINTENANCE AND ACCEPTANCE OF PREMISES

11.01 Excepting repairs to the four outer walls, load bearing walls, structure, roof trusses, slabs and foundation, which shall be the Landlord's responsibility, any repairs Landlord elects or is required to make in connection with casualty or condemnation as provided in Sections 15 and 17, and Developer's warranty obligations under the Development Agreement, Tenant covenants and agrees to keep the Premises, including without limitation, all non-structural, roof (other than the roof trusses), electrical, mechanical and plumbing systems, and all pipes, conduits, wires, switches and valves and all floors, doors, walls, carpets and tile, and all glass and glazing, aluminum and vinyl trim, at all times neat and clean, in good appearance, order, condition and repair. Upon expiration of Developer's warranty under the Development Agreement, Landlord shall cause Developer to transfer to Tenant all warranties, to the extent assignable. This shall also

include, by way of example and not limitation, any and all appurtenances thereto wherever located, including but not limited to interior walls, floors, ceilings, windows, window frames, doors, door frames, overhead doors, truck-wells, plate glass, electrical systems, plumbing systems, plumbing fixtures, mechanical systems (H.V.A.C.), water and sewer systems, and any other systems and facilities serving the Premises. Tenant will be solely responsible for snow removal, lawn and landscaping maintenance, garbage removal, security and repair and replacement of the playground. Such maintenance and repair obligations shall include items deemed to be capital improvements for tax purposes. Tenant hereby acknowledges and agrees that such maintenance obligation may require the replacement of certain components of the Premises and/or the systems and facilities serving the Premises.

11.02 Tenant shall fulfill all of Tenant's obligations under this Section 11 at Tenant's sole expense. If Tenant fails to promptly undertake and complete any maintenance, repairs, additions or alterations required by this Lease, Landlord, its employees and agents, and independent contractors, following expiration of applicable notice and cure periods under this Lease, shall have the right to enter the Premises with twenty (24) hours prior written notice which such notice may be provided by electronic mail (except in the case of emergency where no notice is required) and at Tenant's option, accompanied by a representative of Tenant, subject to Section 19.02 of this Lease, for the purpose of undertaking such maintenance, repairs, additions or alterations. Tenant shall reimburse Landlord as Additional Rent, within thirty (30) days after Landlord has submitted a statement therefor, for any and all costs and expenses incurred by Landlord pursuant to this subparagraph 11.02, plus interest and Late Charges thereon pursuant to Section 8 of this Lease. During any entry into the Premises by Landlord, its employees and agents and independent contractors, such parties shall exercise commercially reasonable efforts to minimize interference with Tenant's operations and shall comply with Tenant's reasonable requirements with respect to scheduling, cleanliness, safety and security.

11.03 Except as otherwise expressly agreed in writing, Tenant's taking possession of the Premises upon Substantial Completion as determined in Section 3.02 and as evidenced in writing by the Commencement Date Certificate shall conclusively establish that the Premises is in satisfactory condition, subject to Landlord's obligations to complete any and all punchlist items, Developer's warranty under the Development Agreement and Landlord's repair and maintenance obligations under this Lease. No promises of Landlord to alter, remodel, improve, repair, decorate or clean the Premises, or any part thereof, have been made, and no representations respecting the condition of the Premises has been made to Tenant by or on behalf of Landlord, except as expressly set forth herein or in the Development Agreement.

11.04 Provided that the Premises are constructed and delivered to Tenant in compliance with the requirements of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12101 et seq.) and regulations and guidelines promulgated thereunder, as all of the same may be amended and supplemented from time to time (collectively referred to herein as the "**ADA**"), following Substantial Completion, Tenant shall be solely responsible for the cost of all ADA compliance in connection with the Premises, including structural work, if any, and any leasehold improvements or other work to be performed on the Premises in connection with this Lease.

11.05 Tenant acknowledges that Landlord delivered a Phase I environmental report and Tenant has reviewed the same.

SECTION 12: ALTERATIONS

12.01 Tenant shall not be required or permitted to make any alterations, additions or improvements to the Premises (other than non-structural alterations, installation of floor or wall coverings, painting, or the installation, repair, removal or replacement of furniture, fixtures or equipment) that in the aggregate cost more than $100,000.00 without the written consent of Landlord, which consent shall not be unreasonably withheld, conditioned or delayed, and if required by the terms of any mortgage, the prior written consent of the Landlord's mortgagee. If Landlord's consent is required, Tenant will not commence or permit others to commence construction of Tenant's Work unless and until plans and specifications ("**Plans and Specifications**") for Tenant's Work (if Plans and Specifications are required given the nature of the work) and choice of contractor or builder have been approved in writing by Landlord. Failure by Landlord to approve or disapprove Tenant's Plans and Specifications, within fourteen (14) days following receipt thereof shall constitute disapproval thereof by Landlord. In the event Landlord disapproves the Plans and Specifications and provides reasonably detailed comments thereto, Tenant shall incorporate Landlord's comments into the Plans and Specifications and resubmit the same to Landlord, who shall have fourteen (14) days to approve or disapprove the revised Plans and Specifications. In the event Landlord does not approve the same, the procedures set forth herein shall be followed until such time as Landlord has approved the revised Plans and Specifications. Landlord agrees that it will notify Tenant at the time it delivers its written consent to any alterations, changes or improvements, whether or not Tenant will be required to remove the same upon termination of this Lease. Tenant shall retain title to anything it places or installs in the Premises, including without limitation, drapes, furniture, counters, shelving, fixtures, work stations, removable partitions, equipment or business machines. Tenant is required to remove all of its personal property at the expiration of the Term. If Tenant fails to remove its personal property at the end of the Term, Landlord shall charge Tenant the holdover rent until the personal property is removed. All Tenant alterations, additions and improvements shall be in compliance with the ADA.

SECTION 13: LIENS

13.01 Tenant will keep the Premises free of liens of any sort, except those attributable to the acts or omissions of Landlord, its agents, employees and contractors, and will hold Landlord harmless from any liens which may be placed on the Premises, except those attributable to the acts or omissions of Landlord, its agents, employees or contractors.

SECTION 14: FIRE, EXTENDED COVERAGE AND LIABILITY INSURANCE

14.01 During the Term, Tenant shall maintain a policy of commercial general liability insurance insuring Tenant against liability for bodily injury, property damage (including loss of use of property), sexual abuse, physical abuse, professional liability, workers' compensation and personal injury arising out of the operation, use or occupancy of the Premises. Tenant shall name Landlord and its mortgagee, if any, as additional insureds under such policy by means of an endorsement at least as broad as the ISO endorsement, Additional Insured - Managers or Lessors of Premises. The initial amount of such insurance shall be ONE MILLION DOLLARS ($1,000,000) per occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate. Such limits may be met by Tenant through a combination of primary and umbrella policies, so long as

any and all such policies contain a per location aggregate endorsement of at least $2,000,000, such limits to apply per location, and shall be subject to periodic increase, upon mutual agreement of the parties, based upon inflation, increased liability awards, recommendation of Landlord's professional insurance advisers and other relevant factors. The liability insurance obtained by Tenant under this Section shall (i) contain an endorsement which provides that its insurance shall be primary to and not contributory with any similar insurance carried by Landlord; (ii) contain extended coverage for pollution damage caused by heat, smoke or fumes from a hostile fire; and (iii) shall include contractual indemnification coverage. Tenant shall be liable for the payment of any deductible amount. The amount and coverage of such insurance shall not limit Tenant's liability nor relieve Tenant of any other obligations under this Lease. Landlord shall maintain a policy of general liability insurance in an amount not less than ONE MILLION DOLLARS ($1,000,000) per occurrence and TWO MILLION DOLLARS ($2,000,000) aggregate. Such limits shall be subject to periodic increase, upon mutual agreement of the parties, based upon inflation, increased liability awards, recommendation of Tenant's professional insurance advisers and other relevant factors and shall include contractual indemnification coverage. The policy obtained by Landlord shall not be contributory and shall not provide primary insurance.

14.02 During the Term, Tenant shall maintain a policy of insurance covering loss of or damage to the Premises in the full amount of its fully insurable replacement value (excluding slabs, footings and foundations) (the "**Property Insurance**"). Such policy shall provide protection at least as broad as ISO Special Form coverage against all perils included within the classification of fire, extended coverage, vandalism, malicious mischief, special extended perils (all risk), sprinkler leakage and any other perils which Landlord deems reasonably necessary that are comparable to the risks covered by reasonably prudent tenants similarly situated to Tenant, as reasonably determined by Landlord. Tenant shall be liable for the payment of any deductible amount under the insurance policy maintained pursuant to this Section. Tenant shall not do or permit anything to be done which invalidates any such insurance policy. Landlord and/or its mortgagee shall be named as a loss payee on such policy. Notwithstanding anything to the contrary contained herein, in the event the Premises is a School Redevelopment Site (as defined in the Development Agreement), Landlord shall maintain the Property Insurance until the Rent Commencement Date, following which Tenant will reimburse Landlord for the premium for the Property Insurance attributable to the period commencing on the Commencement Date and ending on the day immediately preceding the Rent Commencement Date.

14.03 During the Term, Tenant shall maintain a policy of business interruption and extra expense insurance covering risk of loss of income and charges and costs incurred due to (i) the occurrence of any of the perils covered by the insurance to be maintained by Tenant pursuant to this Section, and/or (ii) prevention of, or denial of use of or access to, all or part of the Premises, with coverage in a face amount of not less than the aggregate amount, for a period of twelve (12) months following the insured-against peril, of the loss of income, charges and costs contemplated under the Lease and in all events shall be carried in amounts necessary to avoid any coinsurance penalty that could apply.

14.04 During the Term, Tenant shall maintain flood hazard coverage, in the minimum amount available, if the Premises are located in a specific flood hazard area as designated by the Federal Emergency Management Agency on its Flood Hazard Boundary Map and Flood Insurance

Rate Maps, and the Department of Housing and Urban Development, Federal Insurance Administration, Special Flood Hazard Area Maps.

14.05 Tenant shall pay all premiums for the insurance policies described in this Article on or before the date that such premiums become due and payable (except Landlord shall pay all premiums for non-primary, non-contributory commercial general liability insurance which Landlord obtains as provided in Section 14.01). Before the Commencement Date, Tenant shall deliver to Landlord a certificate evidencing coverage under any policy of insurance which Tenant is required to maintain under this Section 14. Prior to the expiration of any such policy, Tenant shall deliver to Landlord a certificate evidencing renewal or replacement of such policy. In no case shall any insurance policy carried by Landlord be construed to be a primary or contributory policy to any policy carried by or required to be carried by Tenant concerning this Lease or the Premises.

14.06 General Insurance Provisions.

(a) Any insurance which Tenant is required to maintain under this Lease shall include a provision which requires the insurance carrier to give Landlord not less than thirty (30) days' written notice prior to any cancellation or material modification of such coverage.

(b) If Tenant fails to deliver a certificate to Landlord required under this Lease within the prescribed time period or if any policy required to be maintained hereunder is canceled or materially modified during the Term without Landlord's consent, Landlord may obtain such insurance, in which case Tenant shall reimburse Landlord for the cost of such insurance within thirty (30) days after receipt of a statement that indicates the cost of such insurance.

(c) Tenant shall maintain all insurance required under this Lease with companies holding a "General Policy Rating" of A- VII or better, as set forth in the most current issue of "Best Key Rating Guide". Landlord and Tenant acknowledge the insurance markets are rapidly changing and that insurance in the form and amounts described in this Section 14 may not be available in the future. Tenant acknowledges that any insurance policy carried by Landlord shall not be construed to be a primary or contributory policy to any policy carried by or required to be carried by Tenant as described in this Section 14. If at any time during the Term, Tenant is unable to maintain the insurance required under the Lease, Tenant shall nevertheless maintain insurance coverage which is customary and commercially reasonable in the insurance industry for Tenant's type of business, as that coverage may change from time to time.

(d) Unless prohibited under any applicable insurance policies maintained, and without affecting any other rights or remedies, Landlord and Tenant each hereby waive any and all rights of recovery against the other, or against the officers, employees, agents or representatives of the other, for loss of or damage to its property or the property of others under its control, to the extent such loss or damage is covered by any insurance policy in force (whether or not described in this Lease) or required under this Lease at the time of such loss or damage. The effect of such releases and waivers does not apply to liability for any deductibles applicable thereto. Upon obtaining the required policies of insurance, Landlord and Tenant shall give notice to the insurance carriers of this mutual release and waiver and the parties agree to have their respective property

damage insurance carriers waive any right to subrogation that such companies may have against Landlord or Tenant, as the case may be, so long as the insurance is not invalidated.

(e) Tenant may satisfy the foregoing obligations to furnish insurance through the use of so-called "blanket policies" so long as such coverage provides the same protection as described above.

14.07 Tenant shall pay as Additional Rent in the manner set forth in Section 6, the cost of Landlord carrying the insurance described in this Section 14.

SECTION 15: DAMAGE CLAUSE

15.01 Partial Damage to Premises**.**

(a) Tenant shall notify Landlord in writing immediately upon the occurrence of any damage to the Premises following the Commencement Date. If the Premises is only partially damaged (i.e., less than fifty percent (50%) of the Premises is, in Landlord's sole reasonable judgment, untenantable as a result of such damage or less than fifty percent (50%) of Tenant's operations are, in Tenant's sole reasonable judgment, materially impaired) and if the proceeds received by Landlord from the insurance policies described in Section 14 (together with any deductible) are sufficient to pay for the necessary repairs, this Lease shall remain in effect and Landlord shall immediately begin to repair the damage and complete same as soon as reasonably possible to minimize the disruption to Tenant's business on the Premises. Tenant shall repair any damage to Tenant's fixtures, equipment, or improvements.

(b) If the insurance proceeds received by Landlord (together with any deductible) are not sufficient to pay the entire cost of repair, or if the cause of the damage is not covered by the insurance policy that is required to be maintained under Section 14, Landlord may elect either to (i) immediately begin to repair the damage and complete same as soon as reasonably possible to minimize the disruption to Tenant's business on the Premises, in which case this Lease shall remain in full force and effect, or (ii) terminate this Lease as of the date the damage occurred. Landlord shall notify Tenant within ninety (90) days after receipt of notice of the occurrence of the damage whether Landlord elects to repair the damage or terminate the Lease. If Landlord elects to terminate the Lease, Tenant may elect to continue this Lease in full force and effect, in which case Tenant shall repair any damage to the Premises using a contractor approved by Landlord, which approval shall not be unreasonably withheld or delayed. Tenant shall pay the cost of such repairs, except that upon satisfactory completion of such repairs, Landlord shall deliver to Tenant any insurance proceeds received by Landlord for the damage repaired by Tenant. Tenant shall give Landlord written notice of such election within thirty (30) days after receiving Landlord's termination notice.

15.02 Substantial or Total Destruction. If the Premises is substantially or totally destroyed (i.e., the damage to the Premises is greater than partial damage as described in Section 15.01), and regardless of whether Landlord receives any insurance proceeds, this Lease shall terminate as of the date the destruction occurred. Notwithstanding the preceding sentence, if the Premises can be rebuilt within a commercially reasonable period of time after the date of destruction which shall not exceed 12 months, Landlord may elect to rebuild the Premises at Landlord's own expense, in which case this Lease shall remain in full force and effect and

Landlord shall immediately begin to repair the damage and complete same as soon as reasonably possible to minimize the disruption to Tenant's business on the Premises. Landlord shall notify Tenant of such election within ninety (90) days after Tenant's notice of the occurrence of total or substantial destruction. If Landlord elects to rebuild the Premises in accordance with the provisions of this Section 15.02 and the Premises are not ready within said twelve (12) month period to be reopened for the conduct of Tenant's business as conducted immediately prior to the damage, subject to force majeure, Tenant shall have the right to terminate this Lease by delivery of written notice to Landlord, which written notice shall be delivered within five (5) business days of expiration of said twelve (12) month period.

15.03 If the Premises is substantially or totally destroyed (i.e., the damage to the Premises is greater than partial damage as described in Section 15.01) within the last two years of the Term of this Lease, either party shall have the right, by giving notice to the other party within thirty (30) days after such damage, to terminate this Lease; provided, however, if Landlord elects to terminate this Lease and Tenant has a remaining Option to Renew Term (as defined in Section 39), Tenant shall be entitled to exercise its Option to Renew Term in which event Landlord's termination of this Lease shall be revoked, this Lease shall remain in full force and effect and Landlord shall immediately begin to repair the damage and complete same as soon as reasonably possible to minimize the disruption to Tenant's business on the Premises, subject to force majeure. Upon issuance of any notice of termination of this Lease pursuant to this Section 15.03 (which is not revoked), this Lease shall terminate as of the date of such notice with the same force and effect as if such date were the Expiration Date.

15.04 Tenant agrees to give Landlord prompt written notice of any accident, fire or damage occurring in, on or to the Premises.

15.05 If this Lease is terminated by either party pursuant to this Section 15, Landlord is entitled to all proceeds of any Property Insurance maintained by either Landlord or Tenant, except for that portion of any loss settlement attributable to personal property, equipment or trade fixtures owned by Tenant, business loss and except as otherwise provided herein.

15.06 Other than as provided herein, Tenant shall not be entitled to any compensation, reduction, or reimbursement from Landlord as a result of any damage, destruction, repair, or restoration of or to the Premises. Rent shall not be reduced or abated during the period of any such repair, restoration or rebuilding.

SECTION 16: LIMITATION OF LIABILITY

16.01 Except to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors, Landlord shall not be responsible or liable to Tenant for any loss or damage to personal property caused by or through the interruption of electrical service or the bursting, stoppage or leaking of water, gas or sewer lines, theft or failure of any fire or security systems in the Premises, or from any other cause whatsoever. No such occurrence should be deemed to be an actual or construction eviction from the Premises or result in an abatement of Rent, unless the remedy of the occurrence is within the control of the Landlord and Landlord fails to remedy the occurrence within five (5) days.

16.02 Neither Landlord, nor any trustee, partner, member, manager, director, officer, employee, shareholder, advisor or agent of Landlord, nor any of their respective successors and assigns, shall be personally liable in connection with this Lease, and Tenant hereby expressly waives and releases such personal liability on behalf of itself and all persons claiming by, through or under Tenant. Tenant and its successors and assigns and all other persons claiming by, through or under Tenant shall look solely to Landlord's interest in the Premises for the payment to Tenant of any claim or for any performance by Landlord under this Lease. The foregoing limitation of liability shall be in addition to, and not in limitation of, any applicable limitation of liability by law, agreement or otherwise.

16.03 As used in the Lease, the term "Landlord" shall mean only the owner, or the mortgagee in possession, for the time being, of the Premises. If there is a sale of the Premises, Landlord shall be entirely free and relieved of all covenants and obligations of Landlord hereunder, which are thereafter to be performed or observed, and the purchaser shall be deemed to have assumed and agreed to perform and observe any and all covenants and obligations of Landlord hereunder. In addition, Landlord shall cause any such purchaser or mortgagee to execute a non-disturbance agreement in a form acceptable to Tenant, and such purchaser or mortgagee shall be liable for any default, claim, offset or counterclaim that continues or occurs after the date they succeed to the interest of the Landlord.

16.04 If Landlord fails to perform any obligation, covenant, term or condition of this Lease and if, as a consequence of such default, Tenant recovers a money judgment against Landlord, such judgment shall be satisfied only against the right, title and interest of Landlord in the Premises and out of insurance or condemnation proceeds, rents or other income from the sale or disposition of all or any part of Landlord's right, title and interest in the Premises. Neither Landlord, nor any of its officers, directors, partners, principals (disclosed or undisclosed) members, managers, trustees, shareholders, or agents shall be liable for any deficiency claimed by or through Tenant.

16.05 Nothing contained in this Lease shall be deemed or construed by Landlord or Tenant, or any third party, as creating the relationship of principal and agent, partnership, joint venture, or of any association or between Landlord and Tenant, other than of landlord and tenant.

16.06 Notwithstanding anything to the contrary contained in this Lease, in no event shall either Landlord or Tenant be liable to the other under or in connection with this Lease for consequential, special, indirect or punitive damages, including, but not limited to, lost profits, loss of use and diminution in value, except to the extent such damages (i) are payable to third parties for claims covered by the indemnifying party's indemnification obligations under this Lease or (ii) arise from such party's fraud, gross negligence, willful misconduct or misrepresentation, or breach of confidentiality provisions.

16.07 No past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control or ownership or management, vendor, service provider, agent, attorney or representative of Tenant or any of Tenant's affiliates shall have any liability for (i) any obligations or liabilities of Tenant relating to or arising from this Lease or the Premises or (ii) any claim against Tenant based on, in

respect of, or by reason of, the transactions contemplated by this Lease or in connection with the Premises.

SECTION 17: EMINENT DOMAIN

17.01 If the whole or any substantial part of the Premises is taken by any public authority under the power of eminent domain, the Term of this Lease shall cease on the part so taken as of the date taken for public use. Any Rent paid in advance of such date shall be refunded to Tenant, and Landlord and Tenant shall each have the right to terminate this Lease upon written notice to the other, if the notice is delivered within thirty (30) days following the date notice is received of such taking. If neither party terminates this Lease, Landlord shall, to the extent the proceeds of the condemnation award are available, make all necessary repairs and restore the Premises to a complete architectural unit (but Landlord's restoration obligations shall be limited to Landlord's Work and to the extent of condemnation awards available to Landlord). Tenant shall continue in possession of the portion of the Premises not taken under the power of eminent domain, under the same terms and conditions as are herein provided, except that the Rent shall be reduced in direct proportion to the amount of the Premises so taken. All damages awarded for taking of Landlord's fee estate shall belong to and be the property of Landlord, whether such damages are awarded as compensation for diminution in value of the Landlord's interest in the leasehold or the fee of the Premises, Tenant hereby assigning to Landlord its interest, if any, in such award. Notwithstanding the foregoing, Tenant shall be entitled to any proceeds awarded as compensation for any construction easements or use and access of the Premises during construction, and shall have the right to prove in any condemnation proceedings and to receive any separate award which may be made for damages to or condemnation of Tenant's movable trade fixtures and equipment, moving expenses, the value of Tenant's leasehold estate, loss of business, and other claims it may have.

SECTION 18: ASSIGNMENT

18.01 Except as set forth herein, Tenant shall not assign, mortgage, pledge or encumber this Lease without first obtaining Landlord's written consent, which shall not be unreasonably withheld, conditioned or delayed, provided the assignee demonstrates the financial ability to meet all of the Tenant's obligations under the Lease. Any permitted assignment [other than a Permitted Transaction or a Franchisee Assignment (each, as defined below)] shall be by agreement in form and content reasonably acceptable to Landlord. Landlord's consent shall not be unreasonably withheld; but, in addition to any other reasonable grounds for denial Landlord's consent shall be deemed reasonably withheld if, in Landlord's good faith judgment: (i) the proposed assignee does not have the financial strength to perform its obligations under this Lease, unless a guaranty is provided such that the combined net worth of the Tenant and guarantor is equal to or greater than the greater of: (a) the combined net worth of Tenant and its guarantor as of the date of this Lease; or (b) the net worth of Tenant and its guarantor immediately before such assignment or sublease; (ii) the proposed assignee intends to use any part of the Premises for a purpose not permitted under this Lease; (iii) the business and operations of the proposed assignee are not of comparable quality to the business and operations previously conducted by Tenant on the Premises; (iv) the proposed assignee is disreputable, or is without stature or reputation at least equal to that of Tenant in its industry and community; or (v) the proposed use is in violation of any existing exclusive use restrictions. Tenant shall not have the right to assign this Lease if an Event of Default exists

hereunder and is continuing. For the avoidance of doubt, the direct or indirect change of control of Tenant shall not require the consent of, or notice to, Landlord.

18.02 Tenant's request for consent to any transfer requiring Landlord's approval hereunder shall set forth in writing the details of the proposed transfer, including the name, business and financial condition of the prospective transferee, financial details of the proposed transfer (e.g., the term of and the rent and security deposit payable under any proposed assignment or sublease), and any other information Landlord reasonably deems relevant. Within twenty (20) days after Landlord's receipt of Tenant's request for consent, Landlord shall give written notice of either its consent to or its denial of its consent to the proposed assignment, and, in the event of denial or disapproval, such notice shall set forth the reasons (which are limited to only those permitted under this Section 18) for such denial or disapproval by Landlord. If Landlord does not notify Tenant of its disapproval of a proposed assignment within such twenty (20) day period, Landlord shall be deemed to have approved such assignment.

18.03 If Landlord consents to any such assignment, any sums or other economic consideration received by Tenant in connection with such assignment or subletting, whether denominated as rent or otherwise, net of all costs and expenses associated with such assignment (including, but not limited to, leasing commissions, attorneys fees and costs, rental concessions, design and construction costs, and other similar costs and expenses), which exceed, in the aggregate, the total sum which Tenant is obligated to pay Landlord under this Lease (prorated to reflect obligations allocable to less than all of the Premises under a sublease), shall be shared equally (i.e., 50/50) between Landlord and Tenant. Notwithstanding anything to the contrary contained herein, the provisions of this Section 18.03 shall not be applicable to any Permitted Transaction or to any Franchisee Assignment (as such terms are hereinafter defined).

18.04 (i) Prior to an assignment of the Lease by the originally named Tenant, Tenant may sublet all or any portion of the Premises, and (ii) Tenant may assign this Lease, in whole or in part, to a Permitted Transferee (such assignment or subletting, a "**Permitted Transaction**"), in each case without Landlord's consent. For purposes hereof, "**Permitted Transferee**" means the following persons or entities:

(a) an "**Affiliate**" of Tenant, which term is defined as a direct or indirect subsidiary, parent or subsidiary of a parent of Tenant. A "**subsidiary**" is an entity 50% or more of whose equity interests are owned by another entity, which latter entity is referred to as a "**parent**"; or

(b) a successor to Tenant by merger or consolidation, or acquisition of all or substantially all of the assets or equity interests in Tenant; or

(c) to Primrose School Franchising SPE, LLC or one of its affiliated entities ("**Franchisor**").

18.05 Tenant may also assign this Lease, in whole, to a franchisee of Franchisor (a "**Franchisee**"), without Landlord's consent (a "**Franchisee Assignment**"). A Franchisee Assignment shall only be permitted upon execution by Tenant and assignee of the documents set forth in **Schedule H** ("**Franchisee Assignment Documents**"). Landlord shall execute (and as applicable, cause the Developer to execute) the Franchisee Assignment Documents to which Landlord and Developer are a party, within thirty (30) days following Tenant's request therefore;

provided, however, any material modifications to the Franchisee Assignment Documents which would adversely affect Landlord (or Developer) shall require the approval of Landlord, which approval shall not be unreasonably withheld. The Franchisee Assignment shall only be effective upon the full execution thereof by all parties.

18.06 In the event of an assignment of this Lease, including but not limited to a Franchisee Assignment, the originally named Tenant to this Lease shall be automatically released from any and all obligations under this Lease from and after the effective date of the assignment. In the event of a subletting, Tenant shall remain primarily liable under this Lease.

18.07 The acceptance of Rent by Landlord from any other person shall not be deemed to be a waiver by Landlord of any provision hereof. Consent to one assignment shall not be deemed consent to any subsequent assignment. In the event of an Event of Default by Tenant of any of the terms hereof, Landlord may proceed directly against Tenant without the necessity of exhausting remedies against such assignee or successor. Landlord may consent to subsequent assignments of this Lease or amendments or modifications to this Lease with assignees of Tenant, without notifying Tenant, or any successor of Tenant, and without obtaining its or their consent thereto, and such action shall not relieve Tenant of liability under this Lease, as amended or modified.

SECTION 19: ENTRY BY LANDLORD; RESERVATIONS BY LANDLORD

19.01 Landlord and its designees may enter the Premises with twenty (24) hours prior written notice (which notice can be provided by electronic mail) and reasonable approval by Tenant (except in the event of an emergency in which no such notice or approval is necessary), and at Tenant's option, accompanied by a representative of Tenant, to inspect the Premises, exhibit the Premises to prospective purchasers during the last six (6) months of the Term, determine whether Tenant is complying with all of its obligations under the Lease, supply any services to be provided by Landlord to Tenant under the Lease, post notices of non-responsibility, or make repairs required under the terms of this Lease. In the event access is denied by Tenant after appropriate notice, Tenant must provide two alternative times and dates for access. During any entry into the Premises by Landlord or its designees, such parties shall exercise commercially reasonable efforts to minimize interference with Tenant's operations and shall comply with Tenant's reasonable requirements with respect to scheduling, cleanliness, safety and security.

19.02 Landlord shall have and retain a key to unlock all of the doors of the Premises (excluding Tenant's vaults, safes and similar areas designated in writing by Tenant in advance) as permitted under this Lease and applicable law. Landlord shall have the right to use all means that Landlord may deem proper to open said doors in an emergency to obtain entry to the Premises. Any entry into the Premises by Landlord with proper notice or in an emergency shall not, under any circumstances, be construed or deemed to be a forcible or unlawful entry into, a detainer of the Premises, or an eviction, actual or constructive, of Tenant from the Premises or any portion thereof. In the event Landlord, its employees, contractors or guests enter the Premises outside the presence of an authorized representative of Tenant, Landlord shall be responsible for any physical damage caused by the negligence or misconduct of such parties and shall be responsible for the security of the building and all contents therein until such time as an authorized representative of Tenant may return to the Premises.

19.03 After the Commencement Date, Landlord reserves the right to enter the Premises, upon twenty (24) hours prior written notice (which notice can be provided by electronic mail) and reasonable approval by Tenant (except in the event of an emergency in which no such notice or approval is necessary) or earlier time if mutually agreed by Landlord and Tenant, upon reasonable terms and conditions imposed by Tenant, to perform the maintenance, repairs and replacements required of Landlord under this Lease. Any such entry by Landlord will be done with as little inconvenience as possible to Tenant and its operations at the Premises and in compliance with Tenant's requirements with respect to scheduling, cleanliness, safety and security. Tenant will have the right to have a representative of Tenant accompany Landlord in connection with any entry into the Premises. In the event that Tenant, or any of its tenants, invitees, occupants or guests, denies Landlord or Landlord's agents or contractors access to the Premises outside of school hours to perform the maintenance, repairs and replacements required of Landlord under this Lease, on more than three (3) occasions with respect to said maintenance, repair or replacement item, Landlord shall have no further obligation to perform said maintenance, repair or replacement item; provided, however, that if Tenant denies access to the Premises more than once, Landlord shall be released from any damages or liability exacerbated because Landlord could not timely maintain, repair or replace a particular item.

19.04 Subject to Section 19.03 above, Landlord reserves the right to access the roof of the Premises. Tenant shall not erect any structures for storage without the Landlord's prior written consent, which shall not be unreasonably withheld or delayed.

19.05 Subject to the notice and other requirements with respect to entry into the Premises set forth in Section 19.01, for a period commencing six (6) months prior to the expiration of the Term, Landlord may show the Premises to prospective tenants.

19.06 Landlord reserves the right, without the consent of Tenant, to grant to adjacent landowners, including Landlord, easements and rights of ingress, egress and common use and enjoyment with respect to the roads, walks, unimproved portions of the land, water, sewage, telephone, gas and electricity lines, and Landlord may grant easements, public and private, for such purposes to itself and to others, and relocate any easements now or hereafter affecting the land provided that such granting does not materially and adversely impact Tenant's use of the Premises for the Permitted Use or increase Tenant's costs or obligations under this Lease. Landlord agrees to provide notice of the foregoing to Tenant.

SECTION 20: FIXTURES AND EQUIPMENT

20.01 All fixtures and equipment paid for by Landlord and all fixtures and equipment paid for and placed on the Premises by Tenant, but which are so incorporated and affixed to the Premises that their removal would involve damage or structural change to the Premises shall be and remain the property of Landlord. If Tenant removes any fixtures or equipment (including without limitation, signage) Tenant shall repair any damage to the Premises caused by the removal.

20.02 All furnishings, equipment and fixtures other than those specified in Section 20.01, which are paid for and placed on the Premises by Tenant (other than those which are replacements for fixtures originally paid for by Landlord) shall remain the property of Tenant. Tenant shall be responsible for the repair of any damage resulting to the Premises from the removal thereof.

20.03 Tenant shall be responsible for obtaining all necessary permits, licenses or other regulatory approvals for any fixtures or equipment described in Section 20.02 above.

SECTION 21: NOTICE OR DEMANDS

21.01 All notices or demands upon Landlord or Tenant shall be in writing. Any notices or demands from Landlord to Tenant shall be deemed to have been duly and sufficiently given if mailed by courier or overnight delivery service or United States mail, certified or registered mail, postage prepaid, with return receipt requested in an envelope properly stamped and addressed to Tenant at the: 1) address offered in **Schedule A** of this Lease; or 2) at such other address as Tenant may have furnished in writing to the Landlord for such purpose. Any notices or demands from Tenant to Landlord shall be deemed to have been duly and sufficiently given if mailed by courier or overnight delivery service or United States mail, certified or registered mail, postage prepaid, with return receipt requested in an envelope properly stamped and addressed to Landlord at the: 1) address offered in **Schedule A** of this Lease; or 2) at such other address as Landlord may have furnished in writing to Tenant for such purpose. All notices shall be effective upon actual receipt or refusal; provided, however, if a notice cannot be delivered because of a change in address for which no notice was given, then such notice shall be deemed effective upon inability to deliver the notice. A party may change its address for notice purposes by delivery of written notice to the other party hereto delivered in accordance with the provisions of this Section 21.01.

SECTION 22: BANKRUPTCY

22.01 Tenant covenants and agrees that if any one or more of the following events occur (each, a "**Bankruptcy Event**"):

(a) Tenant shall be adjudged bankrupt or insolvent, or a trustee shall be appointed for Tenant after a petition has been filed for Tenant's reorganization under the Federal Bankruptcy laws, as now or hereafter amended, or under the laws of any State, and any such adjudication or appointment shall not have been vacated or stayed or set aside within sixty (60) days from the date of entry or granting thereof;

(b) Tenant shall file bankruptcy, or consent to any petition in bankruptcy or arrangement under the Federal Bankruptcy Laws, as now or hereafter amended, or under the laws of any State;

(c) A decree or order appointing a receiver of the property of Tenant shall be made and such decree or order shall not have been vacated, stayed or set aside within sixty (60) days from the date of the entry or granting thereof, or Tenant shall apply for or consent to the appointment of a receiver for Tenant; or

(d) Tenant makes any assignment for the benefit of creditors

then the provisions of the applicable Federal Bankruptcy laws shall control with respect to Landlord's rights to declare the Term of this Lease ended and to re-enter, repossess, and enjoy the Premises and improvements situated thereon, or any part thereof.

SECTION 23: DEFAULT, RE-ENTRY AND DAMAGES

23.01 Any of the following occurrences shall constitute an "**Event of Default**":

(a) Tenant fails to pay any installment of Basic Rent or Additional Rent, or any portion of either of them, and such payment is not received within five (5) days following written notice from Landlord that such payment has not been received; provided, however, that after two untimely payments in any 12 month period, Tenant shall no longer be entitled to the notice and cure period;

(b) Tenant fails to pay any monetary obligation other than Basic Rent or Additional Rent, including but not limited to, Late Charges, and such payment is not received within five (5) days following written notice from Landlord that such payment has not been received; provided, however, that after two untimely payments in any 12 month period, Tenant shall no longer be entitled to the notice and cure period;

(c) A Bankruptcy Event occurs;

(d) Tenant violates or fails to comply with or is in default of performance of any other provision of this Lease for a period of thirty (30) days after written notice from Landlord of such violation, noncompliance, or default unless curing such violation, noncompliance or default reasonably takes longer to cure and Tenant continuously prosecutes the curing of such default to completion;

(e) After an assignment of this Lease by the originally named Tenant, Tenant vacates or abandons the Premises, outside of Tenant's ordinary course of business, for a period of ninety (90) days except if due to a casualty, repairs or Alterations approved by Landlord or in the case of a force majeure event (as set forth in Section 32);

(f) While any guaranty of this Lease is in place, the guarantor of this Lease:

i. Shall be adjudged bankrupt or insolvent, or a trustee shall be appointed for any guarantor after a petition has been filed for guarantor's reorganization under the Federal Bankruptcy laws, as now or hereafter amended, or under the laws of any State, and any such adjudication or appointment shall not have been vacated or stayed or set aside within sixty (60) days from the date of entry or granting thereof;

ii. Shall file bankruptcy, or consent to any petition in bankruptcy or arrangement under the Federal Bankruptcy Laws, as now or hereafter amended, or under the laws of any State;

iii. A decree or order appointing a receiver of the property of guarantor shall be made and such decree or order shall not have been vacated, stayed or set aside within sixty (60) days from the date of the entry or granting thereof, or any guarantor shall apply for or consent to the appointment of a receiver for Tenant; or

iv. Makes any assignment for the benefit of creditors.

(g) While any guaranty of this Lease is in place, any default (beyond applicable notice and cure periods) occurs by a guarantor under any such guaranty, or a court of competent jurisdiction enters an order stating that the guaranty is not enforceable against any guarantor and a replacement guarantor reasonably acceptable to Landlord does not sign a replacement guaranty within thirty (30) days following the entry of such order.

23.02 Upon the occurrence of an Event of Default, and notwithstanding the fact that Landlord has or may have some other remedy under this Lease or at law or in equity, Landlord may give to Tenant written notice (the "**Termination Notice**") of Landlord's intention to end the Term of this Lease, specifying the day ("**Termination Date**") not less than seven (7) days thereafter. Upon giving the Termination Notice, this Lease and the term and estate hereby granted shall expire and terminate as if the Termination Date were the Expiration Date of the Lease.

23.03 From and after any date upon which Landlord is entitled to give a Termination Notice, Landlord may, without further notice, enter upon and repossess itself of the Premises, by summary proceedings, ejectment or as otherwise permitted by law. Landlord may dispossess and remove Tenant and all other persons and property from the Premises and may have, hold and enjoy the Premises and the right to receive all Rent and other income of and from the same.

23.04 Upon and after such entry into possession, Landlord, at its option, may either terminate this Lease by giving the Termination Notice described above, or, without terminating this Lease, relet the Premises or any part thereof on such terms and conditions as Landlord deems advisable in its sole discretion. The proceeds of such reletting shall be applied: (a) First, to the payment of any indebtedness of Tenant to Landlord other than Basic Rent or Additional Rent; (b) Second, to the payment of any reasonable costs of such reletting including the cost of any reasonable alterations and repairs to the Premises, customary brokerage fees and expenses, advertising expenses, inspection fees and reasonable attorneys' fees; (c) Third, to the payment of Basic Rent and Additional Rent due and unpaid hereunder; (d) Fourth, to all damages, costs and expenses including attorneys' fees and court costs incurred by Landlord as a result of Tenant's breach; and (e) The residue, if any, shall be held by Landlord and applied in payment of future Rent as the same may become due and payable hereunder. Should the proceeds of such reletting during any month be less than the monthly installments of Basic Rent or than Additional Rent required hereunder, then Tenant shall pay such deficiency to Landlord upon demand.

23.05 Notwithstanding the foregoing, if Tenant is in default in the payment of Basic Rent or Additional Rent and if such Event of Default shall continue for a period of thirty (30) days following receipt of Landlord's written notice of same, Landlord may sue Tenant for such sums due and owing. Such proceeds shall be applied in accordance with Section 23.04 of this Lease.

23.06 Whether or not Landlord terminates the Lease because of Tenant's default, Landlord shall have no liability or responsibility for its failure to relet the Premises or, in the event of reletting, for failure to collect the Rent under such reletting. The failure of Landlord to relet the Premises, or any part thereof, shall not release or affect Tenant's liability for Rent and damages. Notwithstanding the foregoing, however, following Tenant's written acknowledgement of

Tenant's default, Landlord shall exercise commercially reasonable efforts to mitigate its damages in connection with a default by Tenant under this Lease.

23.07 Each and every right, remedy and benefit provided by this Lease to Landlord shall be cumulative and shall not be exclusive of any other right, remedy or benefit allowed by law. These remedies may be exercised jointly or several without constituting an election of remedies.

23.08 One or more waivers by Landlord of any term or condition in this Lease, or default by Tenant hereunder, shall not be construed as a waiver of such term or condition, or default in the future or any subsequent default for the same cause. Any consent or approval given by Landlord shall not constitute consent or approval to any subsequent similar act by Tenant.

23.09 If Landlord elects to terminate this Lease under this Section 23, Landlord has the right to accelerate all of the Rent due for the balance of the term of the Lease and Tenant shall pay to Landlord upon demand, as liquidated damages, the deficiency between the amount of the accelerated Rent and either (a) the proceeds of reletting for the balance of the Term, or (b) if the Premises are not relet by Landlord within thirty (30) days following the Termination Date, the reasonable rental value as determined by a qualified real estate broker of the Premises for the balance of the term of the Lease. In computing liquidated damages, any commercially reasonable expenses incurred in connection with obtaining possession of and reletting the Premises, whether such reletting is successful or not, including but not limited to attorneys' fees, brokerage fees and expenses, advertising expenses, reasonable alterations and repairs to the Premises, and inspection fees shall be added to the damages.

SECTION 24: SURRENDER OF PREMISES ON TERMINATION

24.01 If this Lease is terminated, whether by lapse of time, forfeiture, or in any other way, Tenant will yield and deliver the Premises, including the improvements and the fixtures and equipment belonging to Landlord therein contained, in broom clean condition, except for reasonable and normal wear and tear, damage or destruction, condemnation or the acts of Landlord, its agents, employees or contractors.

SECTION 25: PERFORMANCE BY LANDLORD OF THE COVENANTS OF TENANT

25.01 If Tenant fails to perform as required under the Lease, and if such default continues beyond the cure period set forth above following Landlord's written notice of same, or sooner in the event of an emergency, Landlord at its option, and in addition to any and all other rights and remedies of Landlord, may (but shall not be required to) perform Tenant's obligations, and the amount of any money reasonably expended by Landlord in connection therewith shall be due from Tenant to Landlord as Additional Rent on or before the next Rent due date (or earlier, if so provided elsewhere in this Lease) and shall bear interest at the rate set forth in Section 8.02 from the date of billing until the payment thereof. On default of any such payment, Landlord shall have the same remedies available to it as on default in the payment of any other item of Rent.

SECTION 26: RIGHTS TO MORTGAGE

26.01 Provided Tenant receives a subordination, nondisturbance and attornment agreement ("**SNDA**"), in substantially the form attached hereto as **Schedule F** with such

modifications thereon reasonably acceptable to Tenant and Landlord's lender, this Lease and all rights of Tenant hereunder are subject and subordinate to the lien of any mortgage or trust deed, blanket or otherwise granted by Landlord, held by any person or entity, and which now or may hereafter affect the Premises, and to any and all renewals, modifications, consolidations, replacements and extensions thereof. Tenant shall, upon demand at any time or times execute, acknowledge, and deliver to Landlord without expense to Landlord, a SNDA in substantially the form attached hereto as **Schedule F** with such modifications thereon reasonably acceptable to Tenant and Landlord's lender. Tenant's failure to deliver such SNDA within fifteen (15) days of the Landlord's request will constitute a default hereunder.

26.02 Tenant shall, upon the request of Landlord, execute and deliver in the form attached to this Lease as **Schedule G** (modified as reasonably appropriate under the circumstances), an estoppel certificate certifying: the date Tenant accepted occupancy of the Premises; the date to which Rent has been paid; that this Lease is in full force and effect and has not been modified or amended (or if modified or amended, describing same); that there are no defenses or offsets thereto or defaults of the Landlord under this Lease (or if any be claimed, describing the same); and, such other matters as Landlord may reasonably request. Tenant's failure to deliver such certificate within ten (10) days of the demand constitutes a default hereunder. If Tenant fails to timely deliver the estoppel certificate as provided in this Section 26, Tenant shall pay a late fee in the amount of $200.00 for each day of delay.

SECTION 27: COVENANTS OF QUIET ENJOYMENT

27.01 Landlord covenants and agrees that Tenant's quiet and peaceable enjoyment of the Premises shall not be disturbed or interfered with by Landlord or any person claiming by, through or under Landlord, unless Tenant is in default under the Lease beyond any applicable cure or grace period.

SECTION 28: HOLDING OVER

28.01 If Tenant holds over after the termination of this Lease, the tenancy shall continue as a month to month tenancy, in absence of a written agreement to the contrary, and subject to all the conditions, provisions and obligations of this Lease insofar as the same are applicable to a month-to-month tenancy. The Basic Rent shall be one hundred fifty percent (150%) of the Basic Rent for the last full month of the term prior to the holding over excluding any month where the Tenant was granted any rebates, concessions or reductions in Rent.

SECTION 29: REMEDIES NOT EXCLUSIVE; WAIVER

29.01 Each and every one of the rights, remedies and benefits provided by this Lease shall be cumulative, and shall not be exclusive of any other of said rights, remedies and benefits, or of any other rights, remedies and benefits allowed by law.

29.02 One or more waivers of any covenant or condition by Landlord or Tenant shall not be construed as a waiver of a further or subsequent breach of the same covenant or condition. The consent or approval of any act by Tenant shall not be deemed to waive or render unnecessary Landlord's consent or approval of any subsequent similar act by Tenant.

29.03 If Landlord commences any summary proceeding for non-payment of Rent or the recovery of possession of the Premises, Tenant shall not interpose any counterclaim of whatever nature or description in any such proceeding, unless the failure to raise the same would constitute a waiver thereof.

29.04 The language in all parts of this Lease shall be construed simply, according to its fair meaning and not for or against Landlord or Tenant, regardless of which party drafted the particular language, both parties having been represented by adequate counsel, or waiving same.

SECTION 30: TRANSFER OF PREMISES

30.01 Landlord shall have the right to sell, transfer or assign the Premises, and/or Landlord's interest under this Lease. In the event of such sale, transfer or assignment, Tenant shall attorn to the purchaser, transferee or assignee and recognize such purchaser, transferee or assignee as Landlord under this Lease provided the purchaser assumes Landlord's obligations hereunder in writing and executes a non-disturbance agreement in a form reasonably acceptable to Tenant. Landlord is then relieved from all subsequent obligations and liabilities under this Lease.

30.02 If any successor owner of the Premises sells or conveys the Premises, all liabilities and obligations on the part of the original Landlord or such successor owner under this Lease accruing thereafter shall terminate, and thereupon all such liabilities and obligations shall be binding upon the new owner. Tenant shall attorn to such new owner.

SECTION 31: LANDLORD'S REPRESENTATIONS

31.01 Neither Landlord nor Landlord's affiliates or agents have made any representations or promises with respect to the physical condition of the Premises, permissible uses of the Premises, the Rents, leases, expenses or operation or any other matter or thing affecting or related to the Premises, except as herein expressly set forth or in the Development Agreement, and no rights, easements, or licenses are acquired by Tenant by implication or otherwise except as expressly set forth in the provisions of this Lease.

31.02 The submission of this Lease for examination or execution does not constitute a reservation of, or option for leasing or occupying the Premises, and this Lease becomes effective only upon execution and delivery thereof by Landlord and Tenant.

SECTION 32: FORCE MAJEURE

32.01 In the event that either party hereto is delayed or hindered in or prevented from the performance of any act required by reason of terrorism, strikes, labor troubles, floods, storms, inclement weather in excess of the customary inclement weather for the geographic area given the season in question, material shortages, government restrictions, riots, insurrection, war, any restrictions caused by the 2020 COVID-19 pandemic, the presidential declared national emergency dated March 13, 2020, or any further pandemic or other reason of a like nature not the fault of the party delayed in performing work or doing such act, the time for performance of such act shall be extended for a period equivalent to the period of such delay; provided, however, that the time for performance with respect to the payment of funds by either Landlord or Tenant shall in no event be extended due to financial or economic problems of either party, their architects, contractors,

suppliers, agents or employees, or delays caused by the inability of architects, contractors, suppliers or other employees and agents to meet deadline, delivery or contract dates (unless such inability is caused by acts of God, war, acts of civil disobedience or strike). Notwithstanding the foregoing, inclement weather in excess of the customary inclement weather shall be defined as that which is registered by NOAA for the geographic area given the season when construction is taking place.

SECTION 33: ENVIRONMENTAL INDEMNIFICATION

33.01 Except to the extent caused by the acts or omissions of Landlord, its agents, employees or contractors, Tenant hereby agrees to indemnify, save and hold Landlord harmless at all times subsequent to the Effective Date from (a) any and all fines, penalties, costs and/or expenses (including reasonable attorneys' fees and costs) incurred by Landlord as a result of claims, demands, causes of action and actions, suits, right and damages, whatsoever, whether in law or in equity ("**Claim(s)**") made by any party whatsoever in connection with any hazardous substances, hazardous or toxic waste, pollutants, and/or chemicals generated, stored, leaked, spilled or otherwise disbursed by Tenant, its agents, employees, licensees or invitees, in, on, under, above or about the Premises; and (b) for injuries sustained or other tort actions brought for claims arising out of Tenant's failure to remove from the Premises such hazardous substances, hazardous or toxic waste, pollutants, and/or chemicals generated, stored, leaked, spilled or otherwise disbursed by Tenant, its agents, employees, licensees or invitees. Except to the extent caused by the acts or omissions of Tenant, its agents, employees or contractors, (i) to the extent existing on the Effective Date only or (ii) to the extent caused by the negligence or willful misconduct of Landlord, its agents, employees or contractors after the Effective Date, Landlord hereby agrees to indemnify, save and hold Tenant harmless from (a) Claims made by any party whatsoever in connection with any hazardous substances, hazardous or toxic waste, pollutants, and/or chemicals generated, stored, leaked, spilled or otherwise disbursed by Landlord, its agents, employees, licensees or invitees, in, on, under, above or about the Premises; and (b) for injuries sustained or other tort actions brought for claims arising out of Landlord's failure to remove from the Premises such hazardous substances, hazardous or toxic waste, pollutants, and/or chemicals generated, stored, leaked, spilled or otherwise disbursed by Landlord, its agents, employees, licensees or invitees. The aforesaid indemnification by Tenant and Landlord shall include any and all costs of removal of the hazardous substances, hazardous or toxic waste, pollutants, and/or chemicals. This Section 33.01 shall forever survive the termination of this Lease. Tenant accepts the condition of the Premises subject to the Phase I environmental report.

SECTION 34: MORTGAGE PROTECTION CLAUSE

34.01 Tenant agrees to give any mortgagees by courier or overnight delivery service, a copy of any notice of default served upon Landlord, provided that prior to such notice Tenant has been notified, in writing (by way of notice of assignment of rents and leases, or otherwise), of the address of mortgagees. Tenant further agrees that if Landlord fails to cure such default, within the time provided for within this Lease, then the mortgagees shall have an additional thirty (30) days within which to cure such a default, or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days, any mortgagee has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to

commencement of foreclosure proceedings, if necessary to effect such cure), in which event this Lease shall not be terminated while such remedies are being so diligently pursued.

SECTION 35: RIGHT OF FIRST OFFER.

35.01 Intentionally omitted.

35.02 Right of First Offer. If at any time during the Term, provided no Event of Default then exists, should Landlord contemplate selling the Premises, Landlord shall be required to provide Tenant with the first opportunity to purchase the Premises ("**Right of First Offer**") by delivering written notice to Tenant ("**Right of First Offer Notice**"). Tenant shall have the right to exercise its Right of First Offer within ten (10) business days of Tenant's receipt of the Right of First Offer Notice ("**Offer Election Period**"). The failure of Tenant to provide Landlord with its written election within the Offer Election Period shall be deemed Tenant's election to decline the Right of First Offer. If Tenant elects to exercise the Right of First Offer during the Offer Election Period, within thirty (30) days of Tenant's receipt of the Right of First Offer Notice ("**Negotiation Period**"), Landlord and Tenant shall diligently and in good faith negotiate the fair market sale price of the Premises and the terms and conditions of the purchase agreement. Following the Negotiation Period, Tenant shall perform its due diligence inspections of the Premises ("**Due Diligence Period**") and shall close thereafter in accordance with the provisions of the purchase agreement but in no event later than sixty (60) days after the end of the Negotiation Period. The parties hereto agree to use good faith efforts to arrive at the fair market sales price and a mutually acceptable purchase agreement for the Premises. In the event that the parties hereto have not agreed upon a sale price and entered into a purchase agreement by the expiration of the Negotiation Period (both parties hereby agreeing to exercise commercially reasonable, diligent and good faith efforts to come to an agreement), or the Tenant advises the Landlord in writing that it declines the Right of First Offer prior to expiration of the Offer Election Period, or if Tenant is deemed to have declined the Right of First Offer because Tenant failed to exercise its Right of First Offer during the Election Period, then Landlord shall have the right to offer the Premises for sale to a third party and accept any purchase price equal to or over ninety percent (90%) of the purchase price Tenant was willing to pay and thereafter this Right of First Offer shall be null and void and Landlord will be released from any further obligation to offer the Premises to the Tenant. In the event Landlord desires to accept a purchase price from a third party for less than ninety percent (90%) of the purchase price Tenant was willing to pay, Landlord shall offer to sell the Premises to Tenant for such adjusted purchase price. Tenant's Right of First Offer shall not apply to the following:

(a) the sale of the Premises acquired by a first mortgagee or its nominee, as a result of a foreclosure or any proceeding in lieu of foreclosure;

(b) the conveyance of the Premises to a first mortgagee as a result of a mortgage default by Landlord;

(c) the conveyance of the Premises as a foreclosure sale pursuant to a mortgage default by Landlord;

(d) any sale, gift or devise for estate planning purposes; or

(e) the sale, merger or consolidation by Landlord of all or substantially all membership interest or stock in Landlord or its parent company.

35.03 Tenant shall not have the right to assign the rights under this Section 35 except to a Permitted Transferee or a Franchisee pursuant to a Franchisee Assignment.

SECTION 36: ENTITY REPRESENTATION.

36.01 Tenant represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of Tenant and constitutes the valid and binding agreement of Tenant in accordance with the terms hereof.

36.02 Landlord represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of Landlord and constitutes the valid and binding agreement of Landlord in accordance with the terms hereof.

SECTION 37: ATTORNEYS' FEES.

37.01 If either party shall bring suit against the other to enforce the terms of this Lease, the non-prevailing party shall pay to the prevailing party the prevailing party's costs and expenses, including reasonable attorneys' fees. If an Event of Default occurs, Tenant shall pay to Landlord its out-of-pocket reasonable attorneys' fees and other reasonable out-of-pocket expenses incurred by Landlord in connection with collection of amounts owed to Landlord and enforcement of the terms of this Lease.

SECTION 38: MISCELLANEOUS

38.01 The laws of the state in which the Premises is located shall govern this Lease.

38.02 The words "Landlord" and "Tenant" as used herein shall include the plural as well as the singular. If there is more than one Tenant, the obligations hereunder imposed upon Tenant shall be joint and several.

38.03 If any term or provision of this Lease is held invalid or unenforceable, the remaining terms and provisions shall not be affected thereby, but each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

38.04 The captions of this Lease are for convenience only and are not to be construed as part of this Lease or as defining or limiting in any way the scope or intent of the provisions hereof.

38.05 Whenever the singular is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders.

38.06 The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective heirs, successors, legal representatives and permitted assigns.

38.07 Landlord and Tenant warrant that they have had no dealings with any broker or agent in connection with the negotiations or execution of this Lease and Landlord and Tenant agree to indemnify each other against all costs, expenses, attorneys' fees or other liability for commissions or other compensation charges claimed by any broker or agent claiming the same by, through or under Landlord or Tenant.

38.08 All obligations, monetary or otherwise, accruing under this Lease shall survive the expiration or earlier termination of this Lease.

38.09 This Lease shall be construed as if "time is of the essence."

38.10 Upon Landlord's written request (but in no event more than twice in a twelve (12) month period), Tenant shall provide Landlord with its most recently available annual financial statements, certified as true and correct by an officer of Tenant, which financial statements shall be prepared in accordance with generally accepted accounting principles. It is mutually agreed that Landlord may deliver a copy of such statements to any mortgagee or prospective mortgagee of Landlord, to any prospective purchaser of the Property, or to any advisor or consultants of Landlord, and Landlord and such prospective mortgagees, prospective purchasers, advisors and consultants shall be required to treat such statements and information contained therein as confidential; provided, however, Tenant shall be entitled to condition delivery of the aforesaid financial statements upon receipt of a confidentiality agreement in form and substance reasonably acceptable to Tenant.

38.11 This Lease and all schedules hereto set forth all the promises, agreements, conditions and understandings between Landlord and Tenant relative to the Premises and no other prior or contemporaneous written or oral promises, agreements, conditions or understandings between the parties with respect thereto shall be effective other than such provisions of the Development Agreement that expressly survive the expiration or earlier termination thereof.

38.12 If any term, covenant or condition of this Lease or the application thereof to any person or circumstance will to any extent be invalid or unenforceable, the remainder of this Lease or the application of such term, covenant or condition of this Lease will be valid and enforceable to the fullest extent permitted by law.

38.13 Tenant shall not record this Lease without prior written consent from Landlord. However, either Landlord or Tenant may require that a "Short Form" memorandum of this Lease executed by both parties be recorded. The party requiring such recording shall pay all transfer taxes and recording fees.

38.14 This Lease may be amended only by a writing executed by Landlord and Tenant.

38.15 Whenever in this Lease: (i) the words "**herein**," "**hereunder**," "**hereinabove**," "**hereinafter**," or similar words are used, the same shall be deemed to refer to this entire Lease, unless expressly stated to the contrary, and (ii) the terms "**include**," "**including**" and words of similar import shall be construed as if followed by the phrase "without limitation". This Lease shall not be interpreted or construed more strictly against one party or the other merely by virtue of the fact that it was drafted by counsel to Landlord or Tenant; it being hereby acknowledged and

agreed that Landlord and Tenant have both contributed materially and substantially to the negotiations and drafting of this Lease.

38.16 This Lease may be executed in counterparts which, taken together, shall constitute one agreement. Either party may make legal delivery of its executed counterpart by email or other electronic transmission of a copy thereof.

38.17 Tenant may, if permitted by relevant governmental authorities, place a trailer on the Premises during construction of the improvements for the purpose of marketing, so long as it does not interfere with Landlord's Work. If sufficient space is not available for a marketing trailer on the Premises, Landlord agrees to work with Tenant to either make a portion of Landlord's construction trailer available for said marketing purpose or make other space within the land available for said purpose, with priority given to maximizing visibility and safety. Such trailer may remain on the Premises or nearby for a period of at least ninety (90) days prior to the anticipated Commencement Date. Landlord's contractor will provide temporary electrical service as needed for the marketing trailer.

SECTION 39: OPTION TO RENEW

39.01 Landlord hereby grants Tenant three (3) options ("**Option to Renew Term**" or "**Options to Renew Term**") to renew this Lease, for additional periods of five (5) years each. Tenant shall give Landlord written notice at least one hundred and eighty (180) days prior to the expiration of the then current term of its intention to exercise the Option to Renew Term. It is hereby agreed between Landlord and Tenant that the Renewal Term shall be on the same terms and conditions of the original Lease, except the Basic Rent shall be increased in accordance with Paragraph 15 of **Schedule A** hereto.

[SIGNATURE PAGE TO FOLLOW;
BALANCE OF PAGE INTENTIONALLY BLANK]

[SIGNATURE PAGE TO LEASE]

IN WITNESS WHEREOF the Landlord and Tenant have executed this Lease as of _____, 202___.

LANDLORD:

_____
a _____

By:_____
Name: _____
Title: _____

TENANT:

PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company

By:_____
Name: _____
Title: _____

SCHEDULE A TO LEASE

1. Effective Date of this Lease	
2. Development Agreement	That certain Development Agreement dated _____ by and between Primrose School Franchising Company LLC and _____
3. Developer	
4. Landlord: Name and Address	_____ _____ _____ _____ Attention: _____ **with a copy to:** _____ _____ _____ Attention: _____
5. Tenant: Name and Address	Primrose School Franchising Company LLC 3200 Windy Hill Road, Suite 1200E Atlanta, GA 30339 Attn: Chief Development Officer **with a copy to:** Primrose School Franchising Company LLC 3200 Windy Hill Road, Suite 1200E Atlanta, GA 30339 Attn: General Counsel
6. Premises	

7. Commencement Date	The Substantial Completion Date. The Commencement Date shall be confirmed by Landlord and Tenant on the Commencement Date Certificate Form attached hereto as **Schedule D** in accordance with Sections 3.03 and 4.01(a) herein above.
8. Rent Commencement Date	Rent shall commence on the first day of the first (1st) full calendar month that commences after the earlier to occur of (i) the thirtieth (30th) day following the Commencement Date [provided, however, if the Site is a School Redevelopment Site (as defined in the Development Agreement), such thirty (30) day period shall be extended until the first to occur of (a) the date on which Primrose assigns this Lease to a Franchisee and (b) the date that is six (6) months following the expiration of such thirty (30) day period], and (ii) the date on which Tenant opens the Premises to the public for operation as a child care center in the ordinary course of business. The Rent Commencement Date shall be confirmed by Landlord and Tenant on the Commencement Date Certificate Form attached hereto as **Schedule D** in accordance with Sections 3.03 and 4.01(a) herein above.
9. Original Expiration Date	Twenty (20) years following the Commencement Date. The Original Expiration Date shall be confirmed by Landlord and Tenant on the Commencement Date Certificate Form attached hereto as **Schedule D** in accordance with Sections 3.03 and 4.01(a) herein above.
10. Original Term	The Period commencing on the Commencement Date and ending on the Original Expiration Date
11. Basic Rent --Year 1	Estimated to be $_____ per annum. The actual Basic Rent shall be calculated in accordance with the provisions set forth in **Schedule I** attached hereto, and shall be set

	forth in the Commencement Date Certificate Form attached hereto as **Schedule D**.
12. Tenant's Use	As provided in Section 9.01
13. Options to Renew Term	Three (3) 5-year options
14. Percentage Increase in Basic Rent During Original Term	2% annually
15. Percentage Increase in Basic Rent during any Renewal Term for which Tenant has exercised its Option to Renew Term	2 % annually

SCHEDULE B TO LEASE

Site Plan

[Site Plan is attached hereto]

SCHEDULE C TO LEASE

Rules and Regulations

(1) Tenant shall not use any space in the Premises for living quarters, whether temporary or permanent.

(2) Other than in the normal course of Tenant's business, Tenant shall not keep inflammables, such as gasoline, kerosene, naphtha and benzine, or explosives, or any other articles of an intrinsically dangerous nature on the Premises without the prior written consent of Landlord.

(3) Tenant shall have full responsibility for protecting the Premises and the property located therein from theft and robbery, and shall keep all doors, windows and transoms securely fastened when not in use.

(4) Tenant shall keep the Premises free and clear from rodents, bugs and vermin, and will, at Tenant's sole cost and expense, use exterminating services when so requested by Landlord.

(5) Tenant shall use its best efforts to keep the building at a temperature sufficiently high to prevent freezing of water in pipes and fixtures.

(6) The outside areas of the Premises shall be kept clean by the Tenant, and the Tenant shall not place or expressly permit any obstructions, merchandise or machines of any kind in such areas.

(7) Tenant shall cause all automobiles to be parked only in those portions of the parking areas designed for that purpose by Landlord, and Tenant shall neither park nor permit parking of automobiles or any other vehicles on any street or driveway without the prior written consent of Landlord. In addition, Tenant shall neither park nor permit parking of automobiles or any other vehicles overnight about the building's parking areas without the prior written consent of Landlord other than vehicles commonly used in Tenant's business.

(8) Tenant shall not keep animals on the Premises other than classroom pets.

(9) Tenant shall not deface the walls, partitions or other surfaces of the Premises.

(10) Tenant, Tenant's employees and contractors shall not go upon the roof of the building for any reason except that licensed contractors employed by Tenant may go upon the roof for purposes of repairing the roof or servicing the HVAC equipment serving the Premises in fulfillment of Tenant's responsibilities under the Lease (if so provided). Tenant's contractors are responsible for removing parts and debris associated with their work from the roof and assumes responsibility for any damage to the roof and building structures caused by them.

(11) Tenant shall comply with all safety, fire protection and evacuation regulations established by any applicable governmental agency.

(12) Tenant assumes all risks from theft or vandalism and agrees to keep the building locked as may be required.

SCHEDULE D TO LEASE

Commencement Date Certificate

THIS COMMENCEMENT DATE CERTIFICATE is made as of the _____ day of _____, 20___, by and between **LANDLORD a** _____ (hereafter "Landlord") and _____ (hereinafter "Tenant").

RECITALS:

A. Landlord and Tenant entered into a certain Lease dated _____, 20__ (the "Lease"), whereby Landlord leased to Tenant, and Tenant leased from Landlord, certain real property initially described in the Lease as located at ADDRESS.

B. In accordance with Section 3.02 of the Lease, Landlord and Tenant desire to set forth herein and confirm the date that the Lease Term shall commence (the "Commencement Date" as set forth in the Lease) and certain other items.

C. Capitalized terms used herein and not otherwise defined shall have the respective meanings ascribed to them in the Lease.

NOW THEREFORE, Landlord and Tenant certify and agree as follows:

1. The Rent Commencement Date of the Lease is hereby confirmed as _____, 20__.
2. The Original Expiration Date of the Lease is hereby confirmed as _____, 20___.
3. The Basic Rent in Year 1 shall be _____ payable in equal installments of _____ per month.
4. The Substantial Completion Date and Commencement Date are hereby confirmed as _____.
5. The Legal Description of the property covered by the lease is hereby confirmed on the Exhibit A attached hereto and incorporated herein as if fully stated. Such property is more commonly known as _____[address]_____, center #_____.
6. The Final Project Cost is $_____.
7. This Certificate may be executed in two or more counterparts, each of which shall be deemed an original, and all of which together shall be deemed one and the same instrument. Copies (photostatic, .pdf or otherwise) of the parties' signatures to this Certificate shall be deemed to be an original and may be relied on to the same extent as an original.

[Signature Page Attached]

IN WITNESS WHEREOF, Landlord and Tenant have caused this Commencement Date Certificate to be executed as of the day and year first above written.

LANDLORD:

LANDLORD
a _____

By:_____
Name: _____
Title: _____

TENANT:

By:_____
Name: _____
Title: _____

Exhibit A to Commencement Date Certificate

Legal Description of the Premises

SCHEDULE E TO LEASE

Legal Description of Premises

SCHEDULE F TO LEASE

Form of Subordination, Non-Disturbance and Attornment Agreement

THIS DOCUMENT PREPARED BY AND AFTER RECORDING SHOULD BE RETURNED TO:	(Space Above for Recorder's Use Only)

TAX I.D. NUMBER: _____
Address of Property: _____

SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT

THIS SUBORDINATION, NON-DISTURBANCE AND ATTORNMENT AGREEMENT (this "**Agreement**") is made and entered into this _____ day of _____, 20__, by and between **[entity name]**, a _____ ("**Tenant**"), _____ ("**Landlord**") and _____ ("**Lender**").

RECITALS

A. Landlord and Tenant are parties to a _____ dated _____ **[as amended by: _____] ([collectively,]** the "**Lease**"), covering certain real property, a legal description of which is attached to this Agreement as **Exhibit A** and incorporated in this Agreement by this reference (the "**Property**"); and

B. Landlord has executed a mortgage or deed of trust and other security instruments relating to the same (together with all renewals, modifications, consolidations, replacements and extensions of the same, collectively, the "**Mortgage**") dated _____, 20__, and recorded on _____, 20__, at Volume _____, Page _____, of the Real Estate Records of _____ County, _____, in favor of Lender; and

C. It is a condition of the Mortgage that the lien and security interest created by such Mortgage will unconditionally be and remain at all times a lien or charge upon the Property, until

satisfied or otherwise released, prior and superior to the Lease and to the leasehold estate created by the Lease; and

D. The parties to this Agreement desire to ensure Tenant's possession and control of the Property under the Lease upon the terms and conditions contained in the Lease.

For and in consideration of the mutual covenants and promises contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties agree as follows:

AGREEMENT:

1. The Lease is and will be subject and subordinate to the lien of the Mortgage, including the lien securing all future advances made under such Mortgage.

2. Landlord represents, warrants and covenants that, as of date of this Agreement and as of the date of the recording of the Mortgage (a) the Property is not and will not be encumbered by any (i) subordination, non-disturbance and attornment agreement, or the like, other than this Agreement or (ii) any mortgage or deed of trust other than the Mortgage, (b) Tenant's agreements under this Agreement will not violate the terms and conditions of any other lien or encumbrance affecting the Property, and (c) the existence of the Lease does not and will not, with notice or lapse of time or both, constitute or become a default under the Mortgage.

3. Landlord and Lender represent and warrant that as of the date of this Agreement (a) the Mortgage and all monetary and non-monetary obligations secured by the Mortgage are current, (b) Landlord is not in default under the Mortgage or any documents related to the Mortgage or executed in connection with the Mortgage, (c) Landlord has satisfied all terms and provisions of the Mortgage to date, and (d) no fact or condition exists that, with notice or lapse of time or both, would become a default under the Mortgage or any documents related to the Mortgage or executed in connection with the Mortgage.

4. Contemporaneous with delivery to Landlord, Tenant shall provide Lender with a notice of Landlord's failure to perform or observe any covenant, condition, provision or obligation to be performed or observed by Landlord under the Lease (any such failure hereinafter referred to as a "Landlord's Default"). Tenant's notice to Lender of Landlord's Default shall specify the nature thereof, the Section of the Lease under which same arose and the remedy which Tenant will elect under the terms of the Lease or otherwise. Tenant further agrees that if Landlord fails to cure such default, within the time provided for within the Lease, then Lender shall have an additional thirty (30) days within which to cure such a default, or if such default cannot be cured within that time, then such additional time as may be necessary if within such thirty (30) days, Lender has commenced and is diligently pursuing the remedies necessary to cure such default (including but not limited to commencement of foreclosure proceedings, if necessary to effect such cure), in which event Tenant shall not pursue any remedy available to it as a result of any Landlord's Default until all grace and/or cure periods applicable thereto hereunder have expired.

5. Should Lender become the owner of the Property, or should the Property be sold by reason of

foreclosure or other proceedings brought to enforce the Mortgage, or should the Property be transferred by deed in lieu of foreclosure, or should any portion of the Property be sold under a trustee's sale or otherwise as a result of the existence of the Mortgage, subject to the exclusions set forth in Paragraph 6 below (in each case the aforementioned parties shall be deemed a "new owner"), the Lease will automatically continue in full force and effect as a direct lease between the then owner of the Property and Tenant upon, and unconditionally subject to, all of the terms, covenants and conditions of the Lease for the balance of the Term of this Lease remaining, including any extension(s) provided in the Lease. Tenant agrees to attorn to Lender or such new owner as its landlord.

6. Such new owner shall be bound to Tenant under all of the terms, covenants and provisions of the Lease for the remainder of the term thereof (including the extension periods, if Tenant elects or has elected to exercise its options to extend the term); provided, however, that such new owner shall not be:

(a) liable for any act or omission of any prior landlord (including Landlord) that is not then continuing under the Lease; provided, however, that Tenant's sole remedy against Lender with respect to any act or omission of any prior landlord (including Landlord) that is then continuing under the Lease shall be to assert against Lender any offsets of rent or other defenses which Tenant has against any landlord under the Lease (including Landlord) (subject to the limitation set forth in clause (b) below);

(b) subject to any offsets or defenses which Tenant has against any prior landlord (including Landlord) unless Tenant shall have provided Lender with (A) notice of the Landlord's Default that gave rise to such offset or defense and (B) the opportunity to cure the same, all in accordance with the terms of Paragraph 4 above;

(c) bound by any base rent, percentage rent, additional rent or any other amounts payable under the Lease which Tenant might have paid in advance for more than the current month to any prior landlord (including Landlord);

(d) liable to refund or otherwise account to Tenant for any security deposit not actually paid over to such new owner by Landlord;

(e) bound by any amendment or modification of the Lease made without Lender's consent other than any amendments or modifications to the Lease made to document a right unilaterally exercisable by Tenant under the Lease (such as an option to renew the Lease);

(f) bound by, or liable for any breach of, any representation or warranty or indemnity agreement contained in the Lease or otherwise made by any prior landlord (including Landlord); or

(g) personally liable or obligated to perform any such term, covenant or provision, such new owner's liability being limited in all cases to its interest in the Property.

7. If Lender sends written notice to Tenant to direct its rent and any other payments due under the Lease to Lender instead of Landlord, then Tenant agrees to follow the instructions set forth in such written instructions and deliver rent payments to Lender, and Landlord consents to Tenant making such payments to Lender following receipt of such instructions without any obligation or duty to investigate the validity thereof; however, Landlord and Lender agree that Tenant will be credited under the Lease for any such payments sent to Lender pursuant to such written notice. Tenant agrees to this provision based upon Landlord's representations in Paragraph 2 above.

8. All notices which may or are required to be sent under this Agreement will be made in accordance with the Lease and will be sent to the party at the address appearing below or such other address as any party may hereafter inform the other party by written notice given as set forth above:

If to Tenant:	
with a copy to:	
If to Landlord:	
with a copy to:	
If to Lender:	

9. The Mortgage will not cover or encumber, and will not be construed as subjecting in any manner to the lien of such Mortgage, any of Tenant's improvements or trade fixtures, furniture, equipment or other personal property at any time placed or installed in the Property belonging to Tenant. In the event the Property or any part of the Property will be taken for public purposes by condemnation or transfer in lieu of such condemnation or the same are damaged or destroyed, the rights of the parties to any condemnation award or insurance proceeds shall be determined and controlled by the applicable provisions of the Lease.

10. This Agreement will inure to the benefit of, and be binding upon, the parties to this Agreement, their successors in interest, heirs and assigns and any subsequent owner of the Property.

11. Should any action or proceeding be commenced to enforce any of the provisions of this Agreement, to apply or interpret any of the provisions of this Agreement or otherwise relating to this Agreement, the prevailing party in such action will be awarded, in addition to any other relief it may be entitled, its reasonable costs and expenses, not limited to taxable costs and reasonable attorneys' fees.

12. Tenant will not be joined (unless Tenant is a necessary party under applicable law, and then only to the extent and for such purposes as may be required by applicable law) in any action or proceeding which may be instituted or taken by reason of or under any default by Landlord in the performance of the terms, covenants, conditions and agreements set forth in the Mortgage.

13. This Agreement will not be binding upon Tenant until (a) Landlord's acquisition of the Property as evidenced by a deed recorded in the appropriate county records; and (b) Tenant's receipt of a fully-executed original of this Agreement.

14. This Agreement will not be modified or amended except in writing signed by all parties to this Agreement.

SIGNATURES ON FOLLOWING PAGES

IN WITNESS WHEREOF, Tenant has caused this Agreement to be executed as of the day and year first above written.

WITNESSES:	**TENANT**:
	[TENANT ENTITY NAME], a _____
_____	By: _____
Name: _____	Name:
_____	Title:
Name: _____	

[TENANT TO INSERT APPROPRIATE NOTARY BLOCK FOR THE STATE IN WHICH TENANT WILL PHYSICALLY EXECUTE THE SNDA]

IN WITNESS WHEREOF, Landlord has caused this Agreement to be executed as of the day and year first above written.

WITNESSES:	**LANDLORD**:
	[LANDLORD ENTITY NAME], a _____
_____	By: _____
Name: _____	Name: _____
_____	Title: _____
Name: _____	

[LANDLORD TO INSERT APPROPRIATE NOTARY BLOCK FOR THE STATE IN WHICH LANDLORD WILL PHYSICALLY EXECUTE THE SNDA]

IN WITNESS WHEREOF, Lender has caused this Agreement to be executed as of the day and year first above written.

WITNESSES:	**LENDER**:
	[LENDER ENTITY NAME]
_____	By: _____
Name: _____	Name: _____
_____	Title: _____
Name: _____	

[LENDER TO INSERT APPROPRIATE NOTARY BLOCK FOR THE STATE IN WHICH LENDER WILL PHYSICALLY EXECUTE THE SNDA]

Exhibit A to Subordination,
Non-Disturbance and Attornment Agreement

Legal Description of the Property

SCHEDULE G TO LEASE

TENANT ESTOPPEL CERTIFICATE

_____, a _____ ("Tenant") makes the following representations concerning that certain Lease dated _____ ("Lease") by and between _____, a _____ ("Landlord"), as landlord, and Tenant, respectively, regarding the property commonly known as _____ ("Premises"), the legal description of which is attached to the Lease as Exhibit "E," in material reliance on these representations. Tenant hereby certifies to _____ (the "Assignee") as follows:

1. The Lease sets forth the entire agreement between Tenant and Landlord with respect to the Premises, including, but not limited to, all understandings and agreements relating to the construction or installation of any leasehold improvements, and to the conditions precedent to the occupancy of the Premises by Tenant.

2. The Lease has been duly authorized, executed, and delivered by Tenant and is binding on Tenant, and Tenant has no offsets, claims, or defenses to the enforcement of the Lease, except as follows: _____.

3. The Lease is in full force and effect and has not been amended, modified, or assigned, except as otherwise disclosed.

4. The Commencement Date of the Lease was _____; the Rent Commencement Date was _____; and the Expiration Date of the Lease shall be _____. Tenant has ____- year options to extend the Term of the Lease at the rental set forth in the Lease.

5. All work required of the Landlord under the Lease has been completed in accordance with the terms of the Lease and to the full satisfaction of Tenant. Tenant is familiar with the design, construction, and condition of the Premises and all improvements thereto, and has accepted and occupies the Premises in its presently existing condition. Tenant is the actual occupant in possession, and has not entered into a sublease for, or assigned, or otherwise transferred Tenant's interest in all or any portion of the Premises.

6. The Basic Rent payable by Tenant under the Lease at the present time is $_____ per month. Basic Rent has been paid by Tenant through _____. The next increase in Basic Rent becomes effective on _____. Tenant is paying Rent on a current basis. No rentals or other amounts payable under the Lease are accrued or unpaid. No Rent has been paid by Tenant more than thirty (30) days in advance under the Lease. Tenant has not been granted any free rent or any concession in or abatement of rent.

7. Except as expressly set forth in the Lease, Tenant has no option or other right to purchase all or any part of the Premises and Tenant has no right or interest with respect to the Premises other than as Tenant under the Lease.

8. Tenant is not in default in the performance of the Lease, nor has Tenant committed any breach thereof, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute a breach or default by Tenant.

9. Landlord is not in default in the performance of the Lease, nor has Landlord committed any breach thereof, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute a default or breach by Landlord.

10. Tenant has not received notice of any assignment, hypothecation, mortgage, or pledge of Landlord's interest in the Lease or the rents or other amounts payable thereunder.

11. There has not been filed by or against Tenant a petition in bankruptcy, voluntary or otherwise, or any assignment for the benefit of creditors, or any petition seeking reorganization or arrangement under the bankruptcy laws of the United States or any state thereof, nor has any other action been brought under said bankruptcy laws by or with respect to Tenant.

12. Tenant acknowledges that Assignee is acquiring ownership of the Premises. Tenant agrees that on Assignee's acquiring ownership, Tenant will attorn and does attorn to Assignee, agreeing to recognize Assignee as landlord on the condition that Assignee agrees to recognize the Lease on the term and conditions set forth therein.

13. All notices to landlord as referred to in the Lease shall be sent to:

[Landlord notice address]

14. Tenant makes this certificate with the understanding that Assignee shall take further action(s) in material reliance on this certificate.

15. Tenant hereby certifies to Assignee that it has the full power and authority to execute this certificate, that execution of this certificate does not conflict with any existing indenture or agreement of Tenant, and that the officer(s) executing this certificate on behalf of Tenant is/are authorized to do so.

16. Capitalized terms used but not defined in this Certificate shall have the meanings ascribed to such terms in the Lease.

[signatures on following page]

TENANT:

_____
a _____

By:_____

Dated:_____

The undersigned ("Guarantor") guarantees the performance of the obligations of Tenant under the Lease as more specifically set forth in that certain Guaranty dated _____.

GUARANTOR:

_____
a _____

By:_____

Dated:_____

SCHEDULE H TO LEASE

ASSIGNMENT AND ASSUMPTION OF LEASE
(TO FRANCHISEE)

THIS ASSIGNMENT AND ASSUMPTION OF LEASE (this "**Assignment**") is entered into as of the _____ day of _____, 202____ (the "**Assignment Date**") between **PRIMROSE SCHOOL FRANCHISING COMPANY LLC**, a Georgia limited liability company ("**Assignor**"), and _____**,** a [limited liability company/corporation/etc] ("**Assignee-Franchisee**"), and _____**,** a [limited liability company/corporation/etc] **("Landlord")**.

RECITALS

WHEREAS, Assignor, as tenant, entered into that certain lease with an Effective Date of _____, 202___ with Landlord, as may have been amended from time to time (the "**Lease**"), a true and complete copy of which is attached hereto and made part hereof as Exhibit A, for premises commonly known as _____ (the "**Premises**");

WHEREAS, Assignor's affiliate, Primrose School Franchising SPE, LLC, a Delaware limited liability company ("**Franchisor**") and Assignee-Franchisee entered into that certain Franchise Agreement between Assignor and Assignee-Franchisee dated _____ (the "**Franchise Agreement**");

WHEREAS, Assignor desires to enter into this Assignment to effectuate an assignment of such Lease to Assignee-Franchisee as of the Commencement Date under the Lease (as defined in the Lease) on the terms and conditions set forth herein;

WHEREAS, Assignee-Franchisee has agreed to enter into this Assignment to assume the Lease and all of its obligations as of the Commencement Date under the Lease on the terms and conditions set forth herein;

WHEREAS, Landlord has consented to such assignment and has agreed to release Assignor effective as of the Commencement Date under the Lease; and

WHEREAS, Assignor, Assignee-Franchisee and Landlord have reached agreement on the terms and conditions set forth in this Assignment.

NOW, THEREFORE, in consideration of the foregoing premises which are incorporated herein as if fully set forth below and the mutual promises, agreements, warranties and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereby agree as follows:

1. Assignment. Assignor hereby grants, transfers and assigns to Assignee-Franchisee all of the rights, interests, duties and obligations of Assignor in and to the Lease effective as of the Commencement Date under the Lease, as evidenced by that certain Commencement Date

Certificate to be executed by Landlord and Assignor, as Tenant, pursuant to the terms of the Lease. Assignor agrees to provide Assignee-Franchisee a copy of the executed Commencement Date Certificate promptly following the execution of the same by the parties thereto.

2. Assumption. Assignee-Franchisee hereby expressly agrees to assume, undertake, perform, and observe all of the terms and conditions, covenants, and obligations required to be performed or observed by the Assignor under the Lease effective as of the Commencement Date under the Lease (whether arising before, on or after such Commencement Date).

3. Consent; Release. In consideration of Assignee-Franchisee's assumption of the Lease and, in connection with an assignment of the Lease by the originally named Tenant only, Franchisor's execution of the Limited Rent Guaranty, attached hereto as Exhibit B-2 and made a part hereof, Landlord hereby (i) consents to Assignor-Franchisor's assignment of the Lease to Assignee-Franchisee, (ii) consents to Assignor-Franchisor's assignment of the certain defects warranty rights to Assignee-Franchisee in accordance with the Assignment of Warranty Rights attached hereto as **Exhibit E**, and (iii) agrees that effective as of the Commencement Date, except for any obligations or liability accruing prior to the Commencement Date, Assignor-Franchisor is forever released and discharged from all obligations and liability under the Lease accruing after the date hereof, and Landlord shall enforce the Lease only against Assignee-Franchisee, subject to the terms hereof.

4. Guaranty from Franchisee Guarantor. This Assignment is expressly contingent upon the execution and delivery of the Joint and Several Guaranty in the form attached hereto as Exhibit B-1 and made a part hereof, by the individual or individuals that hold the membership interests in Assignee-Franchisee ("**Franchisee Guarantor**"). If individuals do not hold membership interests in the Assignee-Franchisee, or if the financial capability of the individuals that do hold membership interests in the Assignee-Franchisee are not satisfactory to Landlord, the Assignee-Franchisee shall designate as the Franchisee Guarantor an individual or individuals or an entity that has a monetary interest in the success of Assignee-Franchisee with a reasonably sufficient net worth to support the obligations under the Joint and Several Guaranty. The Franchisee Guarantor shall in all circumstances be subject to the review and approval of the Landlord and Assignor. The Franchisee Guarantor agrees to provide to Landlord copies of all financial documents requested by Landlord.

5. Representations.

(a) Assignor makes the following representations and warranties to Landlord and Assignee-Franchisee:

i. It is the sole owner of the tenant's interest in the Lease, that no other person has any rights in tenant's interest in the Lease, that Assignor is authorized to assign the Lease to Assignee-Franchisee, and that this assignment transfers all of Assignor's rights and interest in the Lease to Assignee-Franchisee.

ii. Execution of this Assignment has been duly authorized by the members and/or managers, as applicable, of Assignor and this

Assignment is binding on Assignor and is enforceable in accordance with its terms.

iii. As a material inducement for Landlord to consent to the Assignment, Assignor hereby represents and warrants, and certifies, to Landlord and Assignee-Franchisee, that (A) the Lease, as may have been amended from time to time, is in full force and effect, (B) to the best of Assignor's knowledge: Landlord is not in any respect in default in the performance of the terms and provisions of the Lease, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute a default by Landlord thereunder, and (C) Assignee-Franchisee has no rights of setoff, claims against Landlord, or rebates or defenses to the enforcement of the Lease, as may have been amended from time to time.

(b) Assignee-Franchisee makes the following representations and warranties to Landlord and Assignor:

i. Landlord has made no representations, covenants or warranties to Assignee-Franchisee that are not set forth in this Assignment or in the Lease. Without limiting the preceding sentence, Assignee-Franchisee represents and warrants that Landlord has made no representations, covenants or warranties to Assignee-Franchisee concerning the Premises (other than matters expressly set forth in this Assignment or in the Lease) or any other matter, and that Assignee-Franchisee is relying solely on (A) this Assignment and the Lease and (B) its own investigation of all matters it deems relevant in assuming the Lease.

ii. Execution of this Assignment has been duly authorized by the members and/or managers, as applicable, of Assignee-Franchisee and this Assignment is binding on Assignee-Franchisee and is enforceable in accordance with its terms.

6. Right of First Refusal. Assignee-Franchisee shall have the right to assign the rights under Section 35.02 of the Lease to Franchisor.

7. Primrose Documents. As used herein, "**Primrose Documents**" shall mean: (i) that certain Collateral Assignment of Tenant's Interest in Lease in substantially the form attached hereto as Exhibit C, a copy of which shall be signed by the parties thereto contemporaneously with execution of this Assignment and (ii) that certain Subordination Agreement in substantially the form attached hereto as Exhibit D, a copy of which shall be signed by the parties thereto contemporaneously with the execution of this Assignment. Notwithstanding anything contained herein to the contrary, in no event shall Assignee-Franchisee and Franchisor make any material modifications to any of the Primrose Documents which would materially adversely affect Landlord, without the express written consent of Landlord, which consent shall not be unreasonably withheld.

8. Assignment, Subletting and Franchise Agreement and Primrose Documents, Information and Deidentification.

(a) Landlord and Assignee-Franchisee hereby acknowledge that the Lease is subject to the terms of the Primrose Documents. Landlord and Assignee-Franchisee further hereby acknowledge that all rights and remedies afforded either Landlord and Assignee-Franchisee under this Lease are subject to the rights afforded to Assignor, solely in its capacity as the beneficiary under the Primrose Documents, and to the extent that the terms of this Lease conflict with the terms of the Franchise Agreement or the Primrose Documents, the terms of the Franchise Agreement and the Primrose Documents shall control. Except as specifically provided in the Primrose Documents and the Franchise Agreement, Assignee-Franchisee or its successor in interest shall not assign the Lease or sublet the Premises or any portion thereof without the prior written consent of Landlord and Franchisor, which shall not be unreasonably withheld, provided however that Assignee-Franchisee shall have the right to assign Assignee-Franchisee's interest in the Lease to Franchisor or, with the prior written consent of Franchisor, to any approved franchisee of Franchisor ("**Replacement Franchisee**"), provided, however that such Replacement Franchisee shall have a minimum net worth equal to or greater than Assignee-Franchisee as of the date of this Assignment, the Replacement Franchisee assumes all obligations of assignor under the Lease, and the principals of Replacement Franchisee personally (or an entity reasonably acceptable to Landlord and Assignor) guarantee such Lease obligations in accordance with the Guaranty attached as Exhibit B hereto.

(b) Assignee-Franchisee hereby authorizes Landlord to provide Franchisor all revenue information and other information Landlord may have related to the operation of the Premises, as Franchisor may request. No more than three (3) times per year, Landlord shall have the right to request unaudited financial statements from Assignee-Franchisee which shall be delivered to Landlord and Franchisor by Assignee-Franchisee within ten (10) days of Landlord's request.

(c) Landlord hereby agrees to deliver to Franchisor a duplicate of each notice of default delivered to Assignee-Franchisee at the same time as such notice is given to Assignee-Franchisee, and hereby grants Franchisor, at its sole option, the right (but not the obligation) to cure any default of Assignee-Franchisee under the Lease that is continuing beyond the period in which Assignee-Franchisee has a right to cure such default under the terms of the Lease within fifteen (15) days after the expiration of the period in which Assignee-Franchisee had the right to cure such default.

(d) Landlord hereby acknowledges the right of Assignee-Franchisee to display the Marks (as defined in the Franchise

Agreement) in accordance with the specifications required by the Confidential Manuals (as defined in the Franchise Agreement), subject only to the provisions of applicable law.

(e) Landlord and Assignee-Franchisee hereby agree that Assignee-Franchisee shall only be permitted to use the Premises for the operation of a System Facility (as defined in the Franchise Agreement).

(f) Landlord, Assignee-Franchisee and Assignor hereby agree that an Event of Default under (and as defined in) the Lease shall constitute an event of default under the Franchise Agreement and any default under the Franchise Agreement shall constitute a default under the Lease. Within five (5) business days of Assignor becoming aware of any default under the Franchise Agreement, Assignor shall deliver written notice thereof to Landlord.

(g) Landlord and Assignee-Franchisee agree that if the Franchise Agreement terminates for any reason, and Franchisor or its assigns or a Replacement Franchisee does not take possession of the Premises pursuant to the terms of the Primrose Documents or any other agreement, Assignee-Franchisee and Franchisor jointly and severally agree to take all actions necessary to remove all signs, symbols, logos, marks or devices associated with the Primrose System (as defined in the Franchise Agreement).

9. Default. In addition to the Events of Default set forth in Section 23 of the Lease, the following shall be deemed an Event of Default: A default by Assignee-Franchisee of Assignee-Franchisee's (or Assignee-Franchisee's affiliate's) obligations under the Franchise Agreement, together with written notice sent by courier or overnight delivery service from Assignor to Landlord and Assignee-Franchisee of such default and Assignee-Franchisee fails to correct such default to Assignor's satisfaction within the time period provided in such Franchise Agreement.

10. Notices. All notices required to be given to Tenant under the Lease should be delivered to the following address:

XXXXX
XXXXX
XXXXX

11. Administrative Fee. The Assignment is expressly contingent upon delivery to Landlord of the administrative and attorneys' fees due with respect to this Assignment in the amount of $2,500.00.

12. No Set Off. Assignee-Franchisee shall have no right to withhold rent or to refuse to perform any other obligation owed to Landlord under the Lease due to any disputes that Assignee-Franchisee may have arising out of the Franchise Agreement.

13. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee-Franchisee, Franchisor and Landlord and their respective successors and assigns permitted under the Lease, as applicable.

14. Reaffirmation. Except to the extent expressly changed, supplemented and modified hereby, all of the terms and provisions of the Lease are hereby ratified and reaffirmed, and the Lease shall remain in full force and effect as the legal, valid, binding and enforceable covenants and undertakings of the parties.

15. Counterparts. This Assignment may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument. Electronic signatures shall be treated for all purposes as originals.

16. Recitals. The recitals set forth above are true and correct and by this reference are incorporated herein in their entirety.

17. Governing Law. This Assignment shall be governed and interpreted in accordance with the laws of the State the Property is located in.

18. Broker. The parties acknowledge and agree that no broker participated in, negotiated or is entitled to any commission as a result of this Assignment. Landlord, Assignor and Assignee-Franchisee each mutually agree to indemnify and hold each other harmless from any cost, expense or liability (including cost of suit and reasonable attorneys' fees) for any compensation, commissions or charges claimed by any realtor, broker or agent claiming to have been engaged by the indemnifying party with respect to this Assignment.

19. Prevailing Parties. In the event of any litigation between the parties to this Assignment concerning this Assignment or the subject matter of this Assignment, the prevailing party in such litigation shall be entitled to recover from the non-prevailing party the costs and expenses incurred by the prevailing party in connection with such litigation, including reasonable attorney's fees.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the undersigned have caused this Assignment and Assumption of Lease to be executed.

ASSIGNOR:

PRIMROSE SCHOOL FRANCHISING COMPANY LLC,
a Georgia limited liability company

By:_____
Name: Steven A. Clemente
Its: President

ASSIGNEE-FRANCHISEE:

[INSERT NAME]

By:_____
Name: _____
Its: _____

LANDLORD:

[**INSERT NAME]**

By:_____
Name: _____
Its: _____

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company

By:_____
Name: _____
Its: _____

Exhibit A to Assignment and Assumption of Lease

Copy of Lease

Exhibit B-1 to Assignment and Assumption of Lease

JOINT AND SEVERAL GUARANTY

This GUARANTY (this "Guaranty"), dated _____ 20__ is made by **_____ and _____.** (each, a "Guarantor", and together, the "Guarantors"), in favor of **_____**, a _____ (the "Landlord").

Recitals:

_____, a _____ ("Tenant"), and the Landlord are parties to the Lease to which this Guaranty is attached (the "Lease") for the premises located at _____ (the "Property"). Capitalized terms used but not defined herein shall have the meanings ascribed to those terms in the Lease.

Guarantors have a direct or indirect interest in the Tenant and will benefit by the Tenant's entry into the Lease or assumption thereof, as applicable.

Covenants:

For good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

Guaranty. Guarantors hereby jointly and severally unconditionally guarantee to Landlord the full and prompt payment when due of all indebtedness, liabilities and obligations of Tenant to Landlord, whether arising under the Lease or otherwise (the "Obligations"). Landlord may have immediate recourse against each of the Guarantors for the full and immediate payment or performance of the Obligations, or any part thereof, which has not been paid or performed as provided under the Lease, (and including without limit, any Rent whether accelerated by reason of an Event of Default (as defined in the Lease)). This Guaranty is one of payment and not of collection, and each Guarantor agrees that Landlord shall not be obligated before seeking recourse against or receiving payment from each Guarantor, to do any of the following (although Landlord may do so, in whole or in part, at its sole option), the performance of which are hereby unconditionally waived by each Guarantor:

Take any steps to collect or enforce the Obligations from or against Tenant or to file any claim of any kind against Tenant;

Take any steps to enforce the Lease against the Tenant, or any other guaranty of the Obligations; or

In any other respect exercise any diligence whatever in collecting or attempting to collect or enforce the Obligations by any means.

Guarantor's Liability. Each Guarantor's liability for payment and performance of the Obligations shall be absolute and unconditional, and nothing except final and full payment and

performance of all of the Obligations shall operate to discharge each Guarantor's liability under this Guaranty. Accordingly, each Guarantor unconditionally and irrevocably waives each and every defense which under principles of guaranty or suretyship law would otherwise operate to impair or diminish the liability of such Guarantor for the Obligations, including without limitation notice of acceptance of this Guaranty, presentment, demand, protest, notice of protest, dishonor, notice of dishonor, notice of default, notice of intent to accelerate or demand payment or performance of any Obligations, diligence in enforcing any Obligations, and non-payment of the Lease.

Reinstatement. Each Guarantor acknowledges and agrees that if Landlord shall at any time be required to return or restore to Tenant or to any trustee in bankruptcy, any payments made upon the Obligations, this Guaranty shall continue in full force and effect or shall be fully reinstated as the case may be, and each Guarantor's obligation to Landlord under this Guaranty shall be increased by the amount of any such payments upon the Obligations as Landlord shall be obliged to return or restore, plus interest thereon at the default rate provided in the Lease or the evidence of Obligations applicable to any such payments from the dates the payments upon the Obligations were originally made.

Miscellaneous.

This Guaranty shall inure to the benefit of Landlord and its successors and assigns. If any person other than Landlord shall become a holder of any of the Obligations, each reference to Landlord shall be construed to refer to each such holder. This Guaranty shall be binding upon each Guarantor and such Guarantor's respective heirs, successors, and personal representatives. No Guarantor may assign the obligations under this Guaranty; provided, however if Guarantor is an entity and merges into, consolidates with, sells substantially all of its assets, sells a controlling interest in its stock, ownership, or controlling interest (each a "Corporate Change Event"), the provisions of this Guaranty shall be binding upon and inure to the benefit of the purchasing entity, entity surviving such merger, or resulting from such consolidation or sale (as the case may be) and Guarantor shall require any successor (whether direct or indirect, by stock or asset purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of Guarantor, including the successor to all or substantially all of the business or assets of any subsidiary, division or profit center of Guarantor, to expressly assume and agree to be bound to this Guaranty in the same manner and to the same extent that Guarantor would be if no such succession had taken place.

The Guarantor(s) jointly and severally agree to pay all of Landlord's costs incurred in enforcement of or collection under this Guaranty, including, without limitation, reasonable attorneys' fees and expenses.

This Guaranty is freely and voluntarily given to Landlord by each Guarantor, without duress or coercion, and after each Guarantor has either consulted with competent legal counsel or has been given an opportunity to do so. Each Guarantor acknowledges that he or she has fully and carefully read and understands all of the terms and provisions of this Guaranty.

This Guaranty and any litigation between the parties (whether grounded in contract, tort, statute, law or equity) with respect to this Guaranty shall be governed by, construed in

accordance with, and interpreted pursuant to the laws of the State of Michigan, without giving effect to its choice of laws principles.

EACH GUARANTOR IRREVOCABLY SUBMITS TO THE EXCLUSIVE JURISDICTION OF ANY STATE COURT SITTING IN _____ COUNTY, _____ OR ANY FEDERAL COURT SITTING IN THE _____ DISTRICT OF _____ FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY TRANSACTION CONTEMPLATED HEREBY AND AGREES THAT ALL CLAIMS IN RESPECT OF THE SUIT, ACTION OR OTHER PROCEEDING SHALL BE HEARD AND DETERMINED IN ANY SUCH COURT. EACH GUARANTOR AGREES TO COMMENCE ANY SUCH SUIT, ACTION OR OTHER PROCEEDING EITHER IN THE UNITED STATES DISTRICT COURT FOR THE _____ DISTRICT OF _____ OR IF SUCH SUIT, ACTION OR OTHER PROCEEDING MAY NOT BE BROUGHT IN SUCH COURT FOR JURISDICTIONAL REASONS, IN THE COURTS SITTING IN _____ COUNTY, _____. EACH GUARANTOR WAIVES ANY DEFENSE OF IMPROPER VENUE OR INCONVENIENT FORUM TO THE MAINTENANCE OF ANY ACTION OR PROCEEDING SO BROUGHT.

EACH OF THE GUARANTORS HEREBY WAIVES HIS OR HER RIGHT TO A JURY TRIAL WITH RESPECT TO ANY ACTION OR CLAIM ARISING OUT OF ANY DISPUTE IN CONNECTION WITH THIS GUARANTY AND ANY RIGHTS OR OBLIGATIONS HEREUNDER OR THE PERFORMANCE OF SUCH RIGHTS AND OBLIGATIONS.

Any notice required from one party to another relating to this Guaranty shall be deemed effective if made in writing and delivered to Landlord at _____, attention: _____ (with a copy to _____), or to any Guarantor at the address indicated below his or her signature, by any of the following means: hand delivery, registered or certified mail, postage prepaid, express mail or other overnight courier service. Notices made in accordance with these provisions shall be deemed delivered on receipt if delivered by hand or wire transmission during normal business hours or on the next business day if delivered after normal business hours, on the third business day after mailing if mailed by registered or certified mail, or on the next business day after mailing or deposit with the postal service or an overnight courier service if delivered by express mail or overnight courier. A party may change its address for notice purposes by delivery of written notice to the other parties hereto delivered in accordance with the provisions of this Section 4(g).

If any provision of this Guaranty or any agreement or instrument executed in connection with this Guaranty is determined to be invalid, illegal or unenforceable, such provision shall be enforced to the fullest extent permitted by applicable law, and the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

This Guaranty may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Guaranty and all of which, when taken together, will be deemed to constitute one and the same agreement. This Guaranty shall become effective when one or more counterparts have been executed by each of the parties and delivered to the Landlord.

The exchange of copies of this Guaranty and of signature pages by .pdf or other electronic transmission shall constitute effective execution and delivery of this Guaranty as to the parties and may be used in lieu of the original Guaranty for all purposes. Signatures of the Guarantors transmitted by .pdf or other electronic transmission shall be deemed to be their original signatures for all purposes.

Signature page to Joint and Several Guaranty

Guarantors execute this Guaranty intending to be legally bound thereby.

GUARANTORS:

INSERT BUSINESS ENTITY GUARANTOR NAME____

_____
By:_____
Name:_____

Dated: _____, 202___

Address for Notice Purposes:

_____

_____

Attn.: _____

_____

INSERT INDIVIDUAL GUARANTOR NAME

Dated: _____, 202____

Address for Notice Purposes:

_____

_____

Attn.: _____

Exhibit B-2 to Assignment and Assumption of Lease

PRIMROSE SCHOOL FRANCHISING COMPANY LLC
LIMITED RENT GUARANTY

This Limited Rent Guaranty is dated _____ (the "**Guaranty Effective Date**").

WHEREAS, _____ ("**Franchisee Owner")** has applied for and executed that certain Franchise Agreement dated _____ with Primrose School Franchising SPE, LLC ("**Franchise Agreement**") for the operation, among other things, of a Primrose School facility ("**Primrose Facility**") located at _____ (the "**Premises**");

WHEREAS, the Primrose Facility is located in a space owned by _____ (**"Owner")** and leased to an affiliate of Guarantor pursuant to that certain lease between Owner, as landlord, and the affiliate of Guarantor, as tenant, dated _____, and attached hereto as Exhibit A ("**Lease**");

WHEREAS, simultaneously with the execution and delivery of this Guaranty, Guarantor intends to assign the Lease to Franchisee Owner and Franchisee Owner intends to assume the tenant's interest in the Lease;

WHEREAS, the assumption of the Lease by Franchisee Owner is a direct benefit to Guarantor;

WHEREAS, Owner would not accept the Lease without the execution and delivery of this Guaranty and the Lease provides that Guarantor is required to execute and deliver this Guaranty as a condition to the assignment of the Lease to Franchisee Owner; and

NOW THEREFORE, for and in consideration of the sum of TEN AND NO/100THS DOLLARS ($10.00), the execution and delivery of the Lease, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound,

PRIMROSE SCHOOL FRANCHISING COMPANY LLC, a Georgia limited liability company ("**Guarantor**"), hereby guarantees to Owner the payment of rent including base rent, real property taxes, maintenance charges and all other charges and fees as defined as Rent or Additional Rent in the Lease ("**Rental")** due to Owner pursuant to the Lease, subject to the following terms, conditions and limitations:

I. Conditions

(a) In no event shall Guarantor's total liability hereunder (the "**Guaranty Cap**") exceed the aggregate of Base Rent and estimated Additional Rent payable to Owner under the Lease for the twelve (12) month period immediately following the Event of Default (as defined in the Lease) giving rise to Owner's Demand (as defined below), however, for purposes of this Guaranty, Guarantor's liability hereunder shall be fully eliminated on the date (the "**Guaranty Expiration Date**") that is the first (1st) anniversary of the last to occur of: (i) the Guaranty Effective Date, and (ii) the Rent Commencement Date under the Lease. For purposes of calculating the Guaranty Cap, estimated Additional Rent shall equal the amount of Additional Rent payable to Owner under the Lease for the twelve (12) month period immediately preceding the Event of Default giving rise to Owner's Demand, adjusted to reflect changes to such amounts that are known to Guarantor and Owner on the date of the Demand. Further, the Security Deposit (as defined below) shall be deducted from Landlord's damages in the determination of the amount of unpaid Rental under this Guaranty.

(b) At the time demand for payment is made, the Lease shall not have been amended or modified without the prior written consent of Guarantor, obtained in each instance.

(c) Franchisee Owner shall have heretofore or contemporaneously with the execution of this Guaranty deposited with Owner the sum of not less than $100,000 (the "**Security Deposit**") in cash or cash equivalents, as security for payments of Rental, and all of the Security Deposit shall have been paid to Owner to compensate Owner for Rental due and owing under the Lease that Franchisee Owner has failed to timely pay following any applicable notice and cure periods.

(d) Franchisee Owner shall have heretofore or contemporaneously with the execution of this Guaranty caused the individual or individuals that hold the membership interests in the Franchisee Owner (or, if individuals do not hold membership interests in the Franchisee Owner or if the financial capability of the individuals that do hold the membership interests in the Franchisee Owner are not satisfactory to Owner and Guarantor, an individual or individuals or an entity that has a monetary interest in the success of Franchisee Owner and a reasonably sufficient net worth to guaranty the obligations of the Franchisee Owner under the Lease) to deliver a joint and several guaranty in form and substance acceptable to Owner and Guarantor (the "**Joint and Several Guaranty**").

(e) As a condition precedent to Owner making a demand for payment to Guarantor under this Limited Rent Guaranty ("**Demand**"), Owner must provide to Guarantor evidence that at least forty-five (45) days prior to Owner making Demand to Guarantor that:

(i) Owner has made demand to all guarantors (collectively "**Franchisee Guarantors**") under the Joint and Several Guaranty, to wit:

_____

(ii) Provide to Guarantor a copy of the responses of each Franchisee Guarantor to such Demand, if any; and

(iii) If payment in full has not been received from the Franchisee Guarantors, provide evidence to Guarantor that Owner has filed an action in the court of appropriate jurisdiction against each Franchisee Guarantor ("**Lawsuit**" or "**Lawsuits**"), and an acknowledgment by Owner that Owner agrees to diligently pursue such Lawsuit or Lawsuits to final judgment.

II. Termination/Tolling

(a) The Guaranty shall terminate on the Guaranty Expiration Date. However, the termination of Guaranty shall not affect Guarantor's obligation to pay any amount to which Owner shall be entitled to demand payment hereunder and which shall have become due and owing prior to the termination of this Guaranty.

(b) In the event that Owner makes a demand and Guarantor's payment obligations hereunder have been triggered, Guarantor's obligations will cease and the Guaranty shall terminate if, at any point (i) Owner signs a lease for the Premises with a non-Primrose tenant and rental payments commence under such lease, or (ii) Owner terminates the Lease. Further, in the event that Owner makes a demand and Guarantor's payment obligations hereunder have been triggered, if Guarantor presents another franchisee candidate who accepts assignment of the Lease or signs a new lease with Owner to operate a Primrose school at the Premises, Guarantor's payment obligations will cease once rental payments commence under such lease; provided, however, that the Guaranty will remain in place for the term remaining under the Guaranty at that point. For the sake of clarity, the term will not be recalculated from the commencement of rental payments under such new lease, and no additional term will be added to this Guaranty based on the Lease being assigned to a new franchisee or a new lease being signed.

(c) Upon the expiration or satisfaction of this Guaranty, Owner shall mark this Guaranty satisfied and promptly return the original executed Guaranty to Guarantor. Further, Owner shall execute a release satisfactory to Guarantor acknowledging that Guarantor has fulfilled its obligations under this Guaranty in full and releasing and forever discharging Guarantor from any liability under this Guaranty.

III. Proceeding against Security Deposit

By acceptance of this Guaranty, Owner agrees that: (i) Owner shall notify Guarantor in writing if (A) Franchisee Owner fails to pay any Rental due under the lease within 20 days after the date such Rental becomes past due and payable (following all applicable notice and cure periods) or (B) Owner credits any portion of the Security Deposit against any payment of Rental due; and (ii) Owner shall first proceed to collect past due Rental from the Security Deposit prior to making any demand for payment of such sum from Guarantor, and shall not be entitled to any payments from

Guarantor pursuant to this Guaranty until the balance of the Security Deposit shall have been reduced to zero (0).

IV. Curing Lease Default

Notwithstanding anything to the contrary herein, if Franchisee Owner defaults in the payment of any Rental due under the Lease, Owner shall promptly notify Guarantor of such failure in writing and Guarantor shall have the right, at Guarantor's option, to cure such default prior to any action by Owner.

V. No Liability for Prior Amounts; No Acceleration

Notwithstanding anything to the contrary herein, if a proper demand is made to Guarantor and Guarantor's payment obligations under this Guaranty are triggered, Guarantor shall not be liable for any past-due amount owed under the Lease prior to that point. Once Guarantor's payment obligations are triggered, Guarantor shall be responsible for payment of ongoing Rental under the Lease from that point until either (i) Guarantor meets its total liability limit hereunder, or (ii) Guarantor's payment obligations cease or this Guaranty is terminated pursuant to Section II.

VI. No Acceleration

Owner agrees that it may not accelerate any payment obligations under the Lease due to the non-payment of such obligations by Franchisee Owner so long as payment of Rental is being made pursuant to the terms of this Guaranty or being offset against the Security Deposit.

VII. Taking Possession of Primrose Facility

In the event of a default in Franchisee Owner's performance of any of its obligations under the Lease, Guarantor may, at Guarantor's option, upon notice to Owner, take possession of the Primrose Facility as the tenant under the Lease, and subject to the terms of the Lease, have, hold, use, occupy, lease, assign or operate the Primrose Facility.

VIII. Confidentiality

Except as required by law or as strictly necessary for disclosures to Owner's lenders or professional advisors, Owner shall keep and maintain the terms of this Guaranty as confidential. Prior to any disclosure of the terms of this Guaranty by Owner to such lenders or professional advisors, Owner shall obtain written agreements of such recipients to maintain such terms in strictest confidence and not to disclose such terms to any third party without Guarantor's prior written consent.

IX. Notices

All notices to any party shall be in writing and given either by (i) personal delivery to the recipient; (ii) by certified or registered mail; or (iii) by overnight delivery by a nationally recognized courier service addressed:

As to Guarantor:	As to Owner:
General Counsel	_____ Attn: _____
Primrose School Franchising Company LLC	[LANDLORD NAME]
3200 Windy Hill Rd SE, Suite 1200E, Atlanta, GA, 30339	_____ _____

Such notices shall be deemed duly given (x) when actually delivered; (y) one day after mailing if sent by certified or registered mail; or (z) on the next business day if sent by overnight courier. Any party may change the address to which notices shall be delivered by giving notice to the other party in the manner above provided.

X. Owner's Demand

Owner may make demand hereunder by providing a written notice to Guarantor in accordance with the other terms hereof which (i) sets forth the amount so demanded, (ii) contains the notices provided to Franchisee Owner and/or Franchisee Guarantors for the amounts of past due Rental under the Lease, (iii) recites the actions taken to collect from the Security Deposit and the amounts so collected, (iv) if applicable, states that the Security Deposit is not required hereunder to have been reduced to zero (0), and (v) if applicable, provides evidence that Owner has filed an action against each Franchisee Guarantor, and an acknowledgment by Owner that Owner agrees to diligently pursue such Lawsuit or Lawsuits to final judgment.

XI. No Affiliate Liability

Notwithstanding anything to the contrary herein, by acceptance of this Guaranty, Owner acknowledges and agrees that no past, present or future director, officer, employee, incorporator, member, partner, stockholder, subsidiary, affiliate, controlling party, entity under common control, ownership or management, vendor, service provider, agent, attorney or representative of Guarantor shall have any liability for any of Guarantor's obligations or liabilities hereunder.

XII. No Diminishment of Guarantor's Liability

Guarantor's liability hereunder shall not be affected or diminished by (i) Owner's failure or delay to exercise any right or remedy available to Owner or any action on the part of Owner, granted indulgence or extension in any form whatsoever; (ii) the voluntary or involuntary liquidation, dissolution, sale of any or all of the assets, marshalling of assets and liabilities, receivership, conservatorship, insolvency, bankruptcy, assignment for the benefit of creditors, reorganization, arrangement, composition or readjustment of, or other similar proceedings affecting, Franchisee Owner or any other guarantor of the Lease or any of Franchisee Owner's or Guarantor's assets; (iii) the release of Franchisee Owner or Guarantor or any other guarantor of the Lease from the performance or observation of any covenant or condition contained in the Lease or this Guaranty or any other guaranty by operation of law; or (iv) any assignment of the Lease or subletting of all or any portion of the premises described therein (the "Premises") by the tenant thereunder to a replacement franchisee who has entered into a franchise agreement with Primrose School Franchising SPE, LLC pertaining to the operation of a Primrose School at the Primrose Facility,

with or without the consent of Owner. For the avoidance of any doubt, Owner acknowledges that this Guaranty is a guaranty of the payment obligations under the Lease of a person or entity who is or was a Primrose franchisee and the operator of a Primrose School at the Primrose Facility.

XIII. Bankruptcy of Franchisee Owner

If the Lease is rejected or disaffirmed by Franchisee Owner or Franchisee Owner's trustee in bankruptcy pursuant to bankruptcy law or any other law affecting creditors' rights, then Owner agrees that Guarantor shall have the option, but not the obligation, to assume, subject to all the limitations of liability on the part of Guarantor hereunder, all obligations and liabilities of Franchisee Owner under the Lease to the same extent as if (a) Guarantor were originally named Franchisee Owner under the Lease and (b) there had been no such rejection or disaffirmance. Guarantor, upon Owner's request, promptly shall confirm in writing such assumption.

XIV. Governing Law/Arbitration

This Guaranty shall be governed by, and shall be construed and enforced in accordance with, the laws of the State of Georgia (without giving effect to that state's choice of law principles). Any and all disputes or controversies by and between Guarantor and Owner based upon, arising out of or in any way connected with this Guaranty shall be resolved by binding arbitration in the office of the American Arbitration Association ("AAA") nearest to Guarantor's principal place of business at the time such proceeding is commenced, and shall be conducted in accordance with the Commercial Arbitration Rules of the AAA.

XV. Entire Agreement

This Guaranty constitutes the sole and entire agreement of Owner and Guarantor with respect to the subject matter hereof and may not be modified or amended except by a written agreement duly executed by Guarantor and Owner.

XVI. Assignment

This Guaranty shall be binding upon and inure to the benefits of the parties hereto and their respective heirs, personal representatives, successors and assigns. Guarantor may assign its obligations under this Guaranty, without further liability or obligation, to (i) any purchaser of all or substantially all of the assets of Guarantor, (ii) any purchaser of all or substantially all of the equity ownership interests in Guarantor or in Guarantor's direct or indirect parent, (iii) any successor to Guarantor's business by merger; or (iv) any parent company, affiliate, or subsidiary of Guarantor, whether or not in existence at the time of the execution of this Agreement; provided that the assignee shall assume Guarantor's obligations under this Guaranty in writing.

XVII. Costs and Expenses

Should either party hereto institute any action or proceeding in court to enforce any provision hereof or for damages by reason of any alleged breach of any provision of this Guaranty or for any other

judicial remedy, the prevailing party shall be entitled to receive from the losing party all reasonable attorneys' fees and all court costs in connection with said proceedings.

XVII Waiver

Guarantor hereby waives and agrees not to assert or take advantage of any defense which is premised on an alleged lack of consideration for the obligation undertaken by Guarantor, including without limitation, any defense to the enforcement of the Guaranty based upon the timing of execution of the Guaranty and/or that the Guaranty had been executed after the execution date of the Lease.

IN WITNESS WHEREOF, Guarantor has caused this Guaranty to be duly executed as of the date of the Lease.

PRIMROSE SCHOOL FRANCHISING COMPANY LLC:	**OWNER:**
	ACCEPTED AS OF THE DATE OF THE ASSIGNMENT
By:_____	By:_____
Name: _____	Name: _____
Title: _____	Title: _____

Exhibit A to Primrose Limited Rent Guaranty
LEASE
(See Attached)

Exhibit C to Assignment and Assumption of Lease

COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

THIS COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE (this "**Collateral Assignment**") is entered into by and among _____, a(n) _____ d/b/a Primrose School ("**Assignor**"), and **PRIMROSE SCHOOL FRANCHISING SPE, LLC**, a Delaware limited liability company ("**Assignee**"),___ _____, a(n) _____ ("**Landlord**"), and _____, a _____ ("**Developer**"), this _____ of _ _____, 20__;

W I T N E S S E T H:

WHEREAS, Assignor and Assignee have entered into that certain Franchise Agreement, dated _____ (the "**Franchise Agreement**"), with respect to the operation of a "**Facility**" (as defined in Section 1.1 of the Franchise Agreement) by Assignee. Assignor wishes to operate its Facility at certain premises owned by Landlord (the "**Premises**").

WHEREAS, Assignor intends to accept (i) an assignment of tenant's interest in that certain lease agreement with Landlord dated _____ (the "**Lease**") with respect to the premises, as more particularly described therein and as legally described on Exhibit A attached hereto (the "**Premises**"), for the operation of a Facility by Assignor, and (ii) an assignment of tenant's rights with respect to certain defects warranties and other contractor warranties that have heretofore been assigned to Assignor with respect to the Premises (collectively, the "**Warranty Rights**");

WHEREAS, Assignee desires, as a condition to approving the assignment of the Lease and Warranty Rights to Assignor and making various accommodations to Assignor under the Franchise Agreement, to be granted this Collateral Assignment and the protections contained herein, which are intended to, among other things, enable Assignee to continue the operation of a Facility on the Premises notwithstanding any termination of the Franchise Agreement.

WHEREAS, Assignor, Landlord, and Developer wish to enter into this Collateral Assignment in order to induce Assignee to approve the assignment of the Lease and Warranty Rights to Assignor and, in the instance of Assignor, in order to induce Assignee to provide to Assignor various other accommodations and approvals under the Franchise Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein and in the Franchise Agreement, the sum of Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Landlord, Developer, and Assignee agree as follows:

1. Collateral Assignment. Assignor hereby grants, transfers, mortgages and assigns to Assignee (a) all of Assignor's right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof (including, without limitation,

any renewals or extensions thereof as set forth in Section 5.b hereof) and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease and (b) all of Assignor's right and interest with respect to the Warranty Rights, including the right to enforce the Warranty Rights, in each of cases (a) and (b), subject to the limitations and conditions herein provided. Assignor warrants and represents that a true, accurate, current and complete copy of the Lease has been delivered to Assignee.

2. Purpose of Assignment. This Collateral Assignment is given as collateral for the purpose of securing the performance and discharge by Assignor of each and every obligation, covenant, duty and agreement contained in (i) this Collateral Assignment, (ii) the Franchise Agreement, and (iii) any other agreement entered into by and between Assignee and Assignor or its principals or affiliates or any related party, including without limitation any promissory note, deed to secure debt or other evidence of, or collateral for, any indebtedness or any other obligation in any way related to the Franchise Agreement (all such obligations described in this Section 2 being hereinafter collectively referred to as the "**Obligations**"). Assignee hereby grants to Assignor a license (a) to possess, use and enjoy the Premises as the tenant under the Lease and (b) to enjoy all rights and benefits of the Warranty Rights, including the right to enforce the same, such license to be automatically revoked upon Assignee exercising its rights under Section 4 hereof, if such rights are exercised as provided.

3. Covenants of Assignor, Landlord, and Developer. Assignor and Landlord covenant with Assignee to observe and perform all of the obligations imposed upon them under the Lease and not to do or permit to be done anything to impair the existence and validity of the Lease or the security of Assignee hereunder; and not to execute or permit any other sublease or assignment of the tenant's interest under the Lease; and not to modify or amend the Lease in any respect without Assignee's prior written consent. Assignor and Developer covenant with Assignee to observe and perform all of the obligations imposed upon them with respect to the Warranty Rights and not to do or permit to be done anything to impair the existence and validity of the Warranty Rights or the security of Assignee hereunder; and not to execute or permit any other assignment of the Warranty Rights; and not to modify or amend the Warranty Rights in any respect without Assignee's prior written consent.

4. Default. Upon or at any time after default in the performance of any of the Obligations, or default under any of the agreements underlying the Obligations (including, but not limited to, the Franchise Agreement), or default by Assignor under the Lease, Assignee may, at its option, without in any way waiving such default, upon five (5) days' notice to Assignor and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises pursuant to the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as herein provided. Assignor shall indemnify and hold Assignee harmless from and against, and except as provided for in the Limited Rent Guaranty provided by Primrose School Franchising Company LLC ("**Limited Rent Guaranty**"), Landlord hereby releases Assignee from, any and all claims, actions, damages and expenses (including, without limitation, attorneys' fees), arising (i) out of Assignor's failure to perform under the Lease or any breach by Assignor of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to Assignee's taking possession

of the Premises pursuant to this Section 4. The exercise by Assignee of the option granted it in this Section 4 shall not be considered a waiver by Assignee of any default by Assignor under the Obligations or under the Lease, and shall not be deemed to be an assumption of the Lease by Assignee. It being acknowledged that Assignee shall only be liable to Landlord for rental payments accruing under the Lease during the time period Assignee elects to occupy the Premises, and fulfilling during such occupancy, Tenant's obligations in regard to the payment of taxes, insurance, and ongoing maintenance obligations under such Lease, and the payment of any common area maintenance obligations, if any, and only if Assignee provides notice to Landlord and Assignor of the exercise of the option pursuant to the provision of this Section 4. The exercise by Assignee of the option granted it in this Section 4 shall not be considered a waiver by Landlord of any default by Assignor or Assignee under the Lease. The terms of this Section 4 shall not be construed to limit or waive the obligation set forth in the Limited Rent Guaranty or Assignor's obligations set forth in the Guaranty provided by Assignor ("**Guaranty**").

5. Agreements of Landlord and Developer.

a. Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by Assignor under the Lease, Landlord will give Assignee written notice thereof and permit Assignee to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Section 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment) on a month to month basis, for a total time period not to exceed three hundred sixty (360) days ("**Occupancy Period**"), which occupancy rights if exercised shall not be deemed or construed as an assumption of the Lease, and such occupancy being terminable upon thirty (30) days' notice to Landlord. Subject to the terms of the Limited Rent Guaranty and Guaranty, Landlord agrees that Assignor, and not Assignee or its sublessees or assigns, shall be responsible for all obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by Assignee. This Collateral Assignment is hereby incorporated by reference into the Lease and shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby. Developer executes this Collateral Assignment in order to give its consent to the assignment granted herein with respect to the Warranty Rights. This Collateral Assignment shall bind Developer and any and all successors of Developer with respect to any of Developer's rights or obligations under the Warranty Rights, and Developer agrees, as a condition to the effectiveness of any transfer of any rights or obligations of Developer with respect to the Warranty Rights, to obtain a written agreement from the transferee that the transferee shall be bound hereby.

b. Franchise Materials. Upon the termination of the Lease for any reason, Landlord will at no expense to Landlord provide access to the Premises for the purpose of Assignee retrieving any and all materials which the Assignor is required to return to Assignee under the Franchise Agreement, including, without limitation, the Assignee School Confidential Operations Manual(s) and any other confidential information and trade secret information of Assignee, as defined in the Franchise Agreement. Landlord acknowledges Assignee's ownership rights in such materials and agrees that Landlord is not entitled to retain such materials as its property.

c. Franchise Improvements. Upon the termination of the Lease for any reason, Assignee shall be entitled, within fifteen (15) days after any such termination, to delete or remove any signs and other improvements containing the trademarks, service marks, symbols, logos, emblems and other distinctive features of the Primrose School system, so long as Assignee promptly repairs, at its sole expense, any damage caused thereby.

d. Subleasing; Miscellaneous. Notwithstanding any provision of the Lease, following the event of a default by Assignor under the Lease and expiration of all cure periods, Landlord agrees that Assignee may sublease or assign all or any of its interest in the Lease to a Franchisee of Assignee which meets Assignee's qualifications ("**Qualified Franchisee**") for a time period not to exceed the Occupancy Period. Provided however, such Qualified Franchisee, upon notice to Landlord, shall have the right, upon written notice to Landlord, to assume the Lease for the remainder of the existing Lease term, including the right to exercise any option terms under the Lease; provided, however, that the Qualified Franchisee is obligated to cure any and all prior defaults of Assignor. If Assignee elects to occupy the Premises as described in the Lease, upon taking possession of the Premises under Section 4 hereof, Assignee shall, pursuant to the Tenant's rights and obligations under the Lease, have the full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof to the extent, allowed under the Lease.

6. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the State where the Premises are located.

[Signatures on following pages]

IN WITNESS WHEREOF, the undersigned parties have hereto set their hands and affixed their seals on the date and year first above written.

ASSIGNOR:

_____ d/b/a PRIMROSE SCHOOL

By: _____(SEAL)
Name: _____
Title: _____

State of _____
_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____, and who, upon oath, acknowledged that _____ is the _____ of _____ d/b/a PRIMROSE SCHOOL _____, and that by authority duly given and as the act of the limited liability company, the foregoing instrument was signed for the purposes therein contained, in its name by _____ as its _____.

Witness my hand and official stamp this _____ day of _____, 201_.

My commission expires: _____
_____

Notary Public
[Notarial Seal]

ASSIGNEE:

PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company

By: _____
Name: _____
Title: _____

State of Georgia,
_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he is the _____ of PRIMROSE SCHOOL FRANCHISING SPE, LLC, a Delaware limited liability company, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires: _____ _____
Notary Public
[Notarial Seal]

LANDLORD:

_____, a
_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____
_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he/she is the _____ of _____, and that by authority duly given and as the act of the _____, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires: _____ _____
Notary Public
[Notarial Seal]

DEVELOPER:

_____, a
_____

By: _____(SEAL)
Name: _____
Title: _____

State of _____
_____ County

Before me, _____, a Notary Public of the County and State aforesaid, personally appeared _____ and who, upon oath, acknowledged that he/she is the _____ of _____, and that by authority duly given and as the act of the _____, the foregoing instrument was signed for the purposes therein contained, in its name by him as its _____.

Witness my hand and official stamp this _____ day of _____, 20__.

My commission expires: _____ _____
Notary Public
[Notarial Seal]

EXHIBIT A

TO COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

Legal Description of the Premises

Property Address: _____

Tax Identification Number: _____

Exhibit D to Assignment and Assumption of Lease

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT is made and entered into as of the _____ day of _____, 20__, by and among, _____ (the "Lender"), **PRIMROSE SCHOOL FRANCHISING SPE, LLC** ("Primrose"), _____, a _____ _____("Borrower") and _____, a _____ d/b/a **PRIMROSE SCHOOL OF/AT _____** ("Franchisee").

W I T N E S S E T H:

Borrower owns certain land in _____ County, _____ more particularly described in Exhibit "A," attached hereto and incorporated herein by reference. Said land, together with all improvements and fixtures now or hereafter located thereon, all appurtenances thereto and all other property owned by Borrower located thereon and encumbered by the Loan Documents described below are hereinafter collectively referred to as the "Property."

Lender has made or is making a loan to Borrower (the "Loan"), evidenced by promissory notes in the total face principal amount not to exceed $_____ and secured, in whole or in part, by a mortgage, deed of trust or other security instrument (the "Security Instrument"), assignment of leases and rents, and various related instruments in connection with the Loan, all of which encumber or relate to the Property (collectively, the "Loan Documents").

Primrose and Franchisee have entered into that certain Franchise Agreement dated _____ (the "Franchise Agreement"), pursuant to which Franchisee has executed and delivering to Primrose a Collateral Assignment of Tenant's Interest in Lease and certain warranty rights with respect thereto (the "Collateral Assignment"), which has been filed of record (or shall be filed of record) in the same real property records as the Loan Documents.

Lender requires that it receive a first priority security interest, prior and superior to certain rights granted to Primrose in the Collateral Assignment but only on the terms and conditions set out herein. Lender is willing to agree to the terms and conditions set out herein below in order to induce Primrose to subordinate the Collateral Assignment.

A G R E E M E N T:

NOW, THEREFORE, in consideration of the mutual covenants herein contained, Ten Dollars and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and to induce the closing of a financing as generally outlined above, the parties hereby covenant and agree as follows:

1. Subordination. Primrose and Lender agree that the Loan Documents shall be prior and superior to the Collateral Assignment, with the same force and effect as though the Loan Documents were executed and recorded prior to the date of execution and recordation of the Collateral Assignment. Accordingly, Primrose hereby subordinates and makes its rights under the

Collateral Assignment inferior to the right, title and interest of Lender under the Loan Documents as to the Property. Lender acknowledges and consents to the terms of the Collateral Assignment and agrees that the existence of the Collateral Assignment shall not constitute a default under the Loan Documents, and the Collateral Assignment shall remain in full force and effect as to the Property, but shall be second-in-priority behind the Loan Documents. The terms of this Subordination Agreement shall control in the event of any conflict or inconsistency between any term hereof and any term of the Loan Documents, and are hereby incorporated by reference into the Security Instrument and other Loan Documents.

2. Modification of Security Documents. Lender agrees that, so long as the Collateral Assignment remains in force, the Loan Documents will secure only the notes designated therein and no further advances (except for advances to pay any past due taxes or insurance premiums or to pay any other amounts paid to protect the Property, or advances under the construction loan in accordance with the loan documents), shall be made to Borrower without Primrose's prior written consent.

3. Notice of Default to Primrose; Rights of Primrose on Default. In the event of a monetary default under the Loan Documents or a default which would otherwise give the Lender the right to accelerate the Loan then, prior to acceleration, Lender will notify Primrose in writing of the nature of such default, and Primrose will thereupon have the following options and rights, in addition to any other rights available at law or in equity:

(a) Notice and Right to Cure. To cure or cause a cure of the default within ten (10) days in the case of a default consisting of the failure to make a payment of money to Lender, or fifteen (15) days or such longer period as is reasonable under the circumstances in the case of other defaults, from the date all cure periods under the Loan Documents have elapsed, Lender hereby agreeing to accept such cure. Any and all costs and expenses incurred by Primrose in effecting any cure shall be deducted from the purchase price payable to Borrower in the event Primrose purchases the Property from Borrower. In the event such default is cured within said period, to the extent the indebtedness under the Loan Documents has been accelerated as a result of said default, the indebtedness shall be reinstated by Lender, so as to be payable upon the same terms and conditions in effect prior to said default. However, if Primrose fails to cure or cause a cure within such time, any default-related action previously taken by Lender shall continue in effect as of the date instituted; or

(b) Acquisition of Loan Documents. At any time after the default notice and prior to fifteen (15) days before the consummation of a foreclosure sale or sale under power of sale pursuant to the Security Instrument, Primrose shall have the right and option (but no obligation whatsoever) to purchase the Loan Documents and any guarantees (except for SBA guarantees, if applicable), agreements and collateral securing same for an amount equal to the outstanding principal balance plus all accrued but unpaid interest, late charges, default interest and any actually incurred reasonable attorneys' fees of Lender's counsel. Upon notice from Primrose to Lender of Primrose's exercise of its right to purchase the Loan Documents and payment of the sums required hereby, the note secured by the Security Instrument will be endorsed by Lender to Primrose without recourse or warranty

and all the Loan Documents, including, without limitations, any and all guarantees, agreements or collateral, will be assigned by Lender to Primrose without recourse or warranty except that the Lender shall warrant: (i) that it holds title to the aforesaid note and the other Loan Documents free and clear of any lien, claim or participation interest, (ii) that it has the right and power to assign and convey such documents, and (iii) the amount of the principal and interest balance under the Loan Documents on the date of transfer. The original documents purchased and the Lender's title insurance policy shall be delivered to Primrose at the closing of the purchase, and, in addition, if Primrose desires to obtain any other documents which have been provided to Lender by Borrower or by third parties relating to the Property or to the Loan, then, provided that such documents remain in the possession of Lender or are readily available to Lender, Lender will deliver such documents to Primrose at said closing. After the sale of the Loan Documents to Primrose is completed in accordance with the terms of this Paragraph, Primrose shall, and hereby agrees to, indemnify and defend Lender from and against any and all claims, demands, suits or actions in connection with the Loan which arise out of matters or circumstances occurring in connection with, or subsequent to, Primrose's acquisition of the Loan Documents.

4. Exercise of Acquisition Rights. In the event Primrose acquires title to the Property from Borrower as a result of exercising any purchase right set forth in the Lease (as defined below), then Primrose shall either satisfy (out of the purchase price) or assume the Loan.

5. Non-Disturbance and Attornment. Lender hereby agrees that, in the event Primrose exercises its rights under the Collateral Assignment and becomes the tenant under the lease of the Property between Borrower and Franchisee, as such lease may be modified pursuant to the terms of the Collateral Assignment (the "Lease"), then, so long as the Loan is (or is brought) current, and Primrose thereafter complies with and performs its obligations under the Lease prior to the expiration of applicable notice and cure periods: (a) Lender will take no action which will interfere with or disturb Primrose's possession or use of the Property or other rights under the Lease, and (b) in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, the Property shall be subject to the Lease and Lender shall recognize Primrose as having the right to occupy the Property; provided, however, that Lender shall not be liable for any act or omission of any prior landlord, or subject to any offsets or defenses which Primrose might have against any prior landlord, nor shall Lender be bound by any rent or additional rent which Primrose might have paid for more than the current month to any prior landlord, nor shall it be bound by any amendment or modification of the Lease (other than an amendment pursuant to the Collateral Assignment) made without its consent, nor shall it be construed as Primrose having assumed the Lease, with Primrose being liable for lease payments only for the term that it, in fact, occupies the Property, with Primrose having no obligation to occupy the Property unless it so elects. Primrose does hereby agree with Lender that, in the event Lender subsequently becomes the owner of the Property by foreclosure, conveyance in lieu of foreclosure or otherwise, and Primrose becomes the tenant under the Lease pursuant to the Collateral Assignment, then Primrose shall attorn to and recognize Lender as the landlord under the Lease for the remainder of the term that it occupies the Property, and Primrose shall perform and observe its obligations thereunder, subject only to the terms and conditions of the Lease and the Collateral Assignment. Lender consents to the terms of the Collateral Assignment and agrees

to be bound thereby in the event it becomes the landlord under the Lease. The parties hereto agree that in the event Primrose takes possession of the Property as contemplated by this paragraph 5, all rental payments due under the Lease shall be made by Primrose directly to Lender, pursuant to Lender's security interest in the Property (regardless of whether Lender has foreclosed on the Property), and applied against amounts due under the Loan.

6. Loan Information. Lender shall, upon inquiry, provide Primrose with the name, address and telephone number of the officer of Lender having responsibility for the administration of its loan to Borrower. Lender and Primrose shall be free to confer with one another from time to time either orally or in writing with regard to the Property, Borrower, and Franchisee. Lender agrees to provide Primrose with such information and copies of documentation regarding the Loan as may be reasonably requested by Primrose.

7. Miscellaneous. The agreements contained herein shall continue in full force and effect until either all of Borrower's obligations and liabilities to Lender are paid and satisfied in full or the Collateral Assignment has terminated and Franchisee's obligations to Primrose under the Franchise Agreement have expired. The agreements contained herein may not be modified or terminated orally and shall be binding upon the successors, assigns, and personal representatives of the parties hereto.

8. Borrower Execution. Borrower and Franchisee have executed and entered into this Agreement for the purpose of consenting and agreeing to the terms and conditions set forth herein, and to all actions of Lender and Primrose contemplated herein.

9. Notices. Any and all notices, elections, approvals, consents, demands, requests and responses thereto ("Communication") permitted or required to be given under this Agreement shall be in writing, signed by or on behalf of the party giving the same, and shall be deemed to have been properly given and shall be effective upon the earlier of: (i) being personally delivered, or (ii) three (3) days after being deposited in the United States mail, postage prepaid, certified with return receipt requested, to the other party at the address of such other party set forth below or at such other address within the continental United States as such other party may designate by notice specifically designated as a notice of change of address and given in accordance herewith; provided, however, that the time period in which a response to any Communication must be given shall commence on the date of receipt thereof; and provided further that no notice of change of address shall be effective until the date of receipt thereof. Personal delivery to a party or to any officer, partner, agent or employee of such party at said address shall constitute receipt. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received also constitutes receipt. Any communication, if given to Primrose, shall be addressed as follows:

Mr. Steven A. Clemente, President
Primrose School Franchising SPE, LLC
3200 Windy Hill Road SE, Suite 1200E
Atlanta, Georgia 30339

with a copy to: Joseph M. Seigler
Brinson Askew Berry
615 West First Street
Rome, Georgia 30162

and, if given to Lender, shall be addressed as follows:

_____
_____
_____

and, if given to Borrower, shall be addressed as follows:

_____
_____
_____

and, if given to Franchisee, shall be addressed as follows:

_____
_____
_____

10. Lender not a Joint Venturer or Partner. Nothing herein shall be construed to create a partnership or joint venture to create a partnership or joint venture between Lender and Borrower and/or Franchisee and/or Primrose.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have executed this Subordination Agreement under seal as of the date first above written.

Signed, sealed and delivered in the presence of:

LENDER:

_____

_____

_____

Unofficial Witness

By:_____

Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public: _____

My commission expires: _____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

FRANCHISEE:

_____

By:_____

Title: _____

_____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public: _____

My commission expires: _____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

PRIMROSE:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

_____

Unofficial Witness

By:_____

Title: _____

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of Primrose School Franchising SPE, LLC, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public: _____

My commission expires: _____

[Notarial Seal]

(signatures continued on next page)

(continued from previous page)

Signed, sealed and delivered in the presence of:

BORROWER:

_____

By:_____

_____

Title: _____

Unofficial Witness

(Corporate Seal)

State of _____)

County of _____)

)

Before me, _____, a Notary Public of the County and State aforesaid, hereby certify that _____ personally came before me this day, and who, upon oath, acknowledged that _____ is the _____of _____ _____, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed for the purposes therein contained.

Witness my hand and official stamp this _____ day of _____ 20___.

Notary Public: _____

My commission expires: _____

[Notarial Seal]

(signatures continued on next page)

EXHIBIT "A"
TO
SUBORDINATION AGREEMENT

[Legal description of Property]

Exhibit E to Assignment and Assumption of Lease

ASSIGNMENT OF WARRANTY RIGHTS

(TO FRANCHISEE)

THIS ASSIGNMENT OF WARRANTY RIGHTS (this "**Assignment**") is entered into as of the _____ day of _____, 202____ (the "**Assignment Date**") between **PRIMROSE SCHOOL FRANCHISING COMPANY LLC**, a Georgia limited liability company ("**Assignor**"), and _____**,** a [limited liability company/corporation/etc] ("**Assignee-Franchisee**"), and _____, a _____ ("**Developer**").

RECITALS

WHEREAS, Assignor has engaged Developer to locate potential real estate sites ("**Sites**") for the development of child care centers ("**Centers**") and to develop and construct such Centers in accordance with final plans, specifications, and other construction documents arranged by Developer to be prepared by a qualified architect or engineer for the design and construction of such Sites (the "**Final Plans**");

WHEREAS, Developer has provided Assignor with a certain Defects Warranty (as defined on Exhibit A) with respect to defects in the work performed by Developer at the Premises;

WHEREAS, Assignor, as tenant, entered into that certain lease with an Effective Date of _____, 202___ with _____, a _____(**"Landlord"**), an affiliate of Developer, as may have been amended from time to time (the "**Lease**") for premises commonly known as _____ (the "**Premises**");

WHEREAS, the Lease provides that Assignor may assign the Lease to a franchisee, and Assignor, Assignee-Franchisee, and Landlord have entered into that certain Assignment and Assumption of Lease, causing the Lease to be assigned to Assignee-Franchise effective as of the Commencement Date under the Lease (as defined in the Lease);

WHEREAS, in connection with the assignment of the Lease, Assignor desires to assign the Defects Warranty with respect to the Premises to Assignee-Franchisee; and

WHEREAS, Developer has consented to such assignment of the Defects Warranty and further desires to confirm its agreement to assign the Contractor's Warranties (as defined on Exhibit A) to Assignee-Franchisee pursuant to the terms set forth herein.

NOW, THEREFORE, in consideration of the foregoing premises which are incorporated herein as if fully set forth below and the mutual promises, agreements, warranties and covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged, the parties hereby agree as follows:

1. Assignment of Defects Warranty. Assignor hereby assigns, sets over and transfers to Assignee-Franchisee all of Assignor's right, title and interest, to and under the Defects Warranty with respect to the Premises, including the ability to enforce said Defects Warranty, effective as of the Commencement Date under the Lease, as evidenced by that certain Commencement Date Certificate to be executed by Landlord and Assignor, as Tenant, pursuant to the terms of the Lease. Assignee-Franchisee hereby accepts the foregoing assignment of Defects Warranty. Assignor agrees to provide Assignee-Franchisee a copy of the executed Commencement Date Certificate promptly following the execution of the same by the parties thereto.

2. Assignment of Contractor's Warranties. Developer agrees that in lieu of the assignment of the Contractor's Warranties to Assignor described on Exhibit A, following the One Year Limitation (as defined on Exhibit A), Developer shall assign to Assignee-Franchisee Developer's rights and interest under the Contractor's Warranties with respect to the Premises in accordance with terms set forth on Exhibit A, including the ability to enforce said Contractor's Warranties. Assignee-Franchisee agrees that following such assignment of the Contractor's Warranties, Assignee-Franchisee shall look to the provider of any such warranties to address any defective work in the manner set forth on Exhibit A.

3. Representations.

(c) Assignor makes the following representations and warranties to Developer and Assignee-Franchisee:

i. It is the sole owner of the right to enforce the Defects Warranty with respect to the Premises, that no other person has any rights to enforce the Defects Warranty with respect to the Premises, that Assignor is authorized to assign the Defects Warranty rights hereunder to Assignee-Franchisee, and that this assignment transfers all of Assignor's rights and interest in the Defects Warranty to Assignee-Franchisee.

ii. Execution of this Assignment has been duly authorized by the members and/or managers, as applicable, of Assignor and this Assignment is binding on Assignor and is enforceable in accordance with its terms.

iii. As a material inducement for Developer to consent to the Assignment, Assignor hereby represents and warrants, and certifies, to Developer and Assignee-Franchisee, that (A) the Defects Warranty with respect to the Premises is in full force and effect and (B) to the best of Assignor's knowledge: Developer is not in any respect in default in the performance of the terms and provisions of the Defects Warranty with respect to the Premises, nor has any event occurred which, with the passage of time or the giving of notice, or both, would constitute a default by Developer thereunder.

(d) Assignee-Franchisee makes the following representations and warranties to Developer and Assignor:

i. Developer has made no representations, covenants or warranties to Assignee-Franchisee that are not set forth in this Assignment or in the Defects Warranty with respect to the Premises.

ii. Execution of this Assignment has been duly authorized by the members and/or managers, as applicable, of Assignee-Franchisee and this Assignment is binding on Assignee-Franchisee and is enforceable in accordance with its terms.

4. Notices. For purposes of any communication to Assignee-Franchisee with respect to the Defects Warranty, such communication should be delivered to the following address:

XXXXX
XXXXX
XXXXX

5. Successors and Assigns. This Assignment shall be binding upon and inure to the benefit of Assignor, Assignee-Franchisee, Developer and their respective successors and assigns.

6. Reaffirmation. Except to the extent expressly changed, supplemented and modified hereby, all of the terms and provisions of the Defects Warranty with respect to the Premises are hereby ratified and reaffirmed, and the Defects Warranty shall remain in full force and effect as the legal, valid, binding and enforceable covenants and undertakings of the parties.

7. Counterparts. This Assignment may be executed in any number of identical counterparts, any or all of which may contain the signatures of fewer than all of the parties but all of which shall be taken together as a single instrument. Electronic signatures shall be treated for all purposes as originals.

8. Recitals. The recitals set forth above are true and correct and by this reference are incorporated herein in their entirety.

9. Governing Law. This Assignment shall be governed and interpreted in accordance with the laws of the State the Premises is located in.

10. Prevailing Parties. In the event of any litigation between the parties to this Assignment concerning this Assignment or the subject matter of this Assignment, the prevailing party in such litigation shall be entitled to recover from the non-prevailing party the costs and expenses incurred by the prevailing party in connection with such litigation, including reasonable attorney's fees.

[SIGNATURE PAGE FOLLOWS]

[*signature page to Assignment of Warranty Rights*]

IN WITNESS WHEREOF, the undersigned have caused this Assignment of Warranty Rights to be executed.

ASSIGNOR:

PRIMROSE SCHOOL FRANCHISING COMPANY LLC,
a Georgia limited liability company

By:_____
Name: _____
Its: _____

ASSIGNEE-FRANCHISEE:

[INSERT NAME]

By:_____
Name: _____
Its: _____

DEVELOPER:

[INSERT NAME],
a _____

By:_____
Name: _____
Its: _____

EXHIBIT A

Defects Warranty

Developer represents and warrants that the construction and development of the Site where the Premises are located will be performed in accordance with industry standards for first-rate, high-quality childcare businesses. In the event the work is not free from defects inherent in the quality required or permitted or if the work does not conform with the Final Plans ("**Defective Work**"), Developer shall promptly correct the Defective Work, provided that the tenant under the Lease (the "**Tenant**") delivers written notice to Developer of such Defective Work ("**Defect Notice**") within one (1) year after the commencement date under the Lease (the "**One Year Limitation**"). Developer's obligation to address Defective Work is contingent upon the obligation of Tenant to allow (or to cause its invitees, occupants or guests to allow) Developer, or Developer's agents or contractors access to the Site after the commencement date under the Lease for the purpose of addressing Defective Work. Furthermore, Assignor agrees to cooperate (and to cause Tenant and their respective invitees, occupants or guests to cooperate) with Developer and Developer's agents and contractors by providing access to the Site to address the Defective Work. The One Year Limitation shall not be extended or renewed arising from Developer addressing Defective Work. Each and every one of Developer's warranty obligations under this Exhibit A excludes remedy for damage or defect caused by abuse, improper or insufficient maintenance, improper operation, or normal wear and tear under normal usage. Any items of construction performed by or on behalf of Tenant, and any items of construction performed by Developer which are damaged or otherwise adversely affected by any acts of or work performed by Tenant or persons at Tenant's direction, shall not be covered by this warranty. Developer's warranty obligations under this Exhibit A excludes losses arising from an insurable event. Following the One Year Limitation, Developer shall assign to Tenant Developer's rights and interest under all warranties from the General Contractor, subcontractors, materialmen, suppliers and seller of the Site (collectively, the "**Contractor's Warranties**") if any, and thereafter, Tenant shall look to the provider of any such warranties to address any Defective Work for which a Defect Notice was not delivered prior to the expiration of the One Year Limitation.

SCHEDULE I TO LEASE

CALCULATION OF BASIC RENT

The initial annual Basic Rent payable during the Original Term of the Lease shall be determined in accordance with the provisions of Section 5.1.8 of the Development Agreement, shall be included in the Commencement Date Certificate attached to the Lease as **Schedule D**, and shall be subject to escalations as set forth in **Schedule A** attached to the Lease.

RENT GUARANTEE AGREEMENT

THIS RENT GUARANTEE AGREEMENT (the "**Agreement**") is made and entered into as of _____, 202__, by and between **PRIMROSE SCHOOL FRANCHISING COMPANY LLC** ("**Primrose**") and [OPERATING ENTITY] ("**Franchisee**").

R E C I T A L S:

A. PRIMROSE SCHOOL FRANCHISING SPE, LLC ("**Franchisor**") and Franchisee have entered into that certain Franchise Agreement, dated [FA DATE] (the "**Franchise Agreement**"), pertaining to the construction and operation of a PRIMROSE school at [DEVELOPMENT AREA] (the "**Facility**").

B. _____ and _____, the owners of Franchisee ("**Guarantors**"), have entered into a Payment and Performance Guarantee in which they guaranteed to Franchisor and its affiliates the payment and performance when due of all of Franchisee's obligations and liabilities under the Franchise Agreement and any other agreement between Franchisee and Franchisor or its affiliates (the "**Guarantee**").

C. Primrose and Franchisor are affiliated entities. Primrose has agreed to provide limited rent guarantees to certain franchisees of Franchisor in certain circumstances.

D. Franchisee desires to rent the premises at which the Facility will be located and Primrose has agreed, upon the terms and conditions described in this Agreement, to enter into a Limited Rent Guarantee (the "**Rent Guarantee**") in which it will guarantee a portion of the rent due under the lease for such premises (the "**Lease**") to the owner thereof (the "**Property Owner**").

NOW, THEREFORE, for and in consideration of the covenants and agreements contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Representations and Warranties. Franchisee represents and warrants that it has delivered to Primrose (a) true and correct copies of the proposed Lease for the Facility premises and any other related agreements, (b) true and correct copies of any other documents reasonably requested by Primrose, and (c) any other documents or information of which Franchisee is aware that would reasonably be considered material to Primrose's evaluation of the Lease, the premises, and the proposed Rent Guarantee. In all of its communications with Primrose or Franchisor regarding the premises, Franchisee represents and warrants that it has not made any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading

2. Execution of Rent Guarantee. In reliance on the information provided by Franchisee, Primrose will execute a Rent Guarantee in a form provided by Franchisor.

3. Consideration and Repayment. Prior to the execution of the Rent Guarantee, Franchisee shall pay to Primrose the sum of $xx,xxx [5% of estimated guarantee amount] (the "**Rent Guarantee Fee**"), which upon payment shall be fully earned and non-refundable. Franchisee agrees that it shall reimburse Primrose upon demand for any payments Primrose makes under the Rent Guarantee, together with interest from the date such payment is made by Primrose through the date Franchisee reimburses Primrose at the lesser of 18% per annum or the maximum rate of interest allowed at law.

4. Notices. Franchisee shall provide Primrose with copies of any notices of default or termination notices that it receives from Property Owner within two business days of its receipt of such notice.

5. Cross-Default. Franchisee acknowledges that any breach of this Agreement or the representations and warranties contained herein shall be considered an event of default under Section 17.1(u) of the Franchise Agreement.

6. Applicability of Guarantee. Guarantors acknowledge that the Guarantee shall apply to Franchisee's obligations and liabilities under this Agreement.

7. Miscellaneous.

a. Entire Agreement. This Agreement constitutes the full and complete understanding and agreement of the parties related to the Rent Guarantee, supersedes all prior understandings and agreements, and cannot be changed or modified orally.

b. Dispute Resolution and Applicable Law. Sections 29 (Applicable Law) and 30 (Arbitration) of the Franchise Agreement are hereby incorporated herein by reference and will be applicable to any and all disputes between the parties, as if Primrose was the "Franchisor" in such Franchise Agreement.

c. Execution of Multiple Counterparts. This Agreement may be executed in counterparts by facsimile or electronic transmission, all of which counterparts shall be deemed originals, all of which counterparts taken together shall constitute a single instrument, and signature pages of which may be detached from the several counterparts and attached to a single copy of this instrument to physically form a single document.

d. Further Assurances. Franchisee and Guarantors jointly and severally covenant to Primrose to execute any and all documents reasonably requested by Primrose in connection with this Agreement.

e. Severability and Substitution of Valid Provisions. If there is a determination that any provision of this Agreement is invalid or unenforceable, that determination will not affect the remaining provisions of this Agreement, and the terms of this Agreement shall be deemed amended to the minimum extent necessary to make them valid and enforceable.

f. Binding Effect. This Agreement shall inure to the benefit of Primrose and its successors and assigns, and shall be binding upon Franchisee, Guarantors, and their respective heirs, executors, successors, assigns and legal representatives.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Amendment to Franchise Agreement as of the day and year first above written.

PRIMROSE:

PRIMROSE SCHOOL FRANCHISING COMPANY LLC

By: _____
Steven A. Clemente, President

FRANCHISEE:

[OPERATING ENTITY]

By: _____
Name, Title

By: _____
Name, Title

GUARANTORS:

_____
NAME (interest in Franchisee – ___%)

_____
NAME (interest in Franchisee – ___%)

Exhibit I
to
Franchise Disclosure Document

GENERAL RELEASE

(attached)

GENERAL RELEASE

THIS GENERAL RELEASE (this **"Release"**) is made as of _____ , 20__ (the "**Effective Date**") by (i) [FRANCHISEE], a [FORM OF ENTITY] formed and operating under the laws of the _____ and having its principal place of business located at _____ (**"Franchisee"**); (ii) [OWNERS' NAMES], individuals residing at _____ (hereinafter referred to [collectively] as **"Owner"**), and (iii) [REAL ESTATE ENTITY], a _____ (**"Real Estate Affiliate"**), a [FORM OF ENTITY] formed and operating under the laws of the _____ and having its principal place of business located at _____ (Franchisee, Owner, and Real Estate Affiliate, collectively referred to as the **"Franchisee Parties"**).

WHEREAS, Primrose School Franchising SPE, LLC, a Delaware limited liability company (**"Franchisor"**) is the franchisor of Primrose® learning, recreational, and child care facilities;

WHEREAS, Franchisee and Owner have executed that certain Primrose School Franchise Agreement dated _____ (the **"Franchise Agreement"**), pursuant to which Franchisee was granted a right to operate a Primrose® facility (the **"Facility"**);

[WHEREAS, Franchisor and Real Estate Affiliate have executed that certain Real Estate Development Agreement dated _____ (the **"Real Estate Development Agreement"**), pursuant to which Real Estate Affiliate was permitted to develop certain real property and improvements (the **"Real Property"**);]

[CHOOSE SUCCESSOR, TRANSFER, OR ADDITIONAL FRANCHISE OPTION]

[SUCCESSOR OPTION] [WHEREAS, the Franchise Agreement is about to expire, and Franchisee would like to enter into a successor agreement (the **"Successor Agreement"**); and

WHEREAS, Franchisor has conditioned its consent to entering into such a Successor Agreement on each of the Franchisee Parties' execution of this Release;]

[TRANSFER OPTION] [WHEREAS, the Franchisee Parties desire to transfer to a third party their interests in the [Franchise Agreement or franchise granted by such Franchise Agreement] [and/or] [the Real Estate Development Agreement or Real Property]; and

WHEREAS, Franchisor has conditioned its consent to the transfer upon each of the applicable Franchisee Parties' execution of this Release;]

[ADDITIONAL FRANCHISE OPTION] [WHEREAS, Owners directly or indirectly have an ownership interest in one or more other Primrose franchises, including the Facility (the **"Existing Franchises**"), and would like to directly or indirectly acquire an ownership interest in another Primrose franchise (an "**Additional Franchise**") through the execution of an additional Franchise Agreement (the **"Additional Agreement"**); and

WHEREAS, Franchisor has conditioned its consent to entering into such an Additional Agreement on each of the Franchisee Parties' execution of this Release of any claims related to their Existing Franchises;]

NOW, THEREFORE, in consideration of the foregoing and the covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each of the Franchisee Parties hereby agrees as follows:

1. Release of Franchisor and Released Parties.

A. Release. The Franchisee Parties, on behalf of themselves and their respective current and former parents, affiliates, and subsidiaries, and their respective agents, spouses, heirs, principals, attorneys, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), do hereby absolutely and irrevocably release and discharge Franchisor and its parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, rights to terminate and rescind, liabilities, losses, damages, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected, at law or in equity (collectively, "**Claims**"), which any of the Releasing Parties ever owned or held, now own or hold, or may in the future own or hold, which are based on actions, omissions, or occurrences occurring on or prior to the Effective Date, including, without limitation, [ALL OPTIONS, EXCEPT ADDITIONAL FRANCHISE OPTION:] Claims based upon, arising out of, or in any way related to (i) federal, state, and local laws, rules, and regulations, (ii) the Franchise Agreement, the Real Estate Development Agreement, and all other agreements between any Releasing Party and any Released Party, (iii) the relationship created by such agreements, or (iv) the sale, development, ownership, or operation of the Facility or any other Primrose® business.] [ADDITIONAL FRANCHISE OPTION:] Claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, **(a)** the sale and operation of the Existing Franchises, **(b)** the franchise agreements for the Existing Franchisees, and **(c)** all other agreements between any Releasing Parties and the Released Parties. This Release applies only to Claims arising out of, or relating to any act, omission or event occurring on or before the date of this Release, unless prohibited by applicable law. This Release excludes Claims relating to the **(x)** sale of the Additional Franchise and **(y)** representations made in the Franchise Disclosure Document, or its exhibits or amendments, provided to any of the Franchisee Parties in conjunction with the sale of the New Franchises.]

B. Risk of Changed Facts. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) (i) understand that Franchisee or the Releasing Parties may have some Claims against the Released Parties of which they are totally unaware and unsuspecting, which they are giving up by executing this release, (ii) understand that the facts in respect of which the release in this Section 1 is given may turn out to be different from the facts now known or believed by them to be true, and (iii) hereby accept and assume the risk of the facts turning out to be different and agree that the release in this Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in fact.

C. No Prior Assignment. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) represent and warrant that no claims by the Releasing Parties against any of the Released Parties have been assigned to any third party.

D. Covenant Not to Sue. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either

affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim released under this Section 1.

E. Complete Defense. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) acknowledge that this release shall be a complete defense to any claim released under the terms of this Section 1 and hereby consent to the entry of a temporary or permanent injunction to end the assertion of any such claim.

F. Waiver of Statutory Preservation Provisions. The Franchisee Parties (on behalf of themselves and on behalf of the other Releasing Parties) expressly waive any rights or benefits conferred by the provisions of Section 1542 of the California Civil Code, which provides as follows:

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

This waiver extends to any other statute or common law principle of similar effect in any applicable jurisdiction, including any jurisdiction in which the Releasing Parties reside. The Franchisee Parties acknowledge and represent that they have consulted with legal counsel before executing this release and that they understand its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consent that this release shall be given full force and effect according to each and all of its express terms and provisions, including, without limitation, those relating to the release of unknown and unsuspected claims, demands, and causes of action.

2. Competency; Release Voluntarily Executed. Each of the Franchisee Parties acknowledges that it has full and complete power and authority to execute this Release, and that their execution hereof shall not violate the terms of any contract or agreement between them or any court order. Each of the Franchisee Parties further acknowledges that this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

3. Successors and Assigns**.** This Release will inure to the benefit of the Released Parties and their successors, assigns, heirs, and personal representatives and will bind each Releasing Party and their successors, assigns, heirs, and personal representatives.

4. Governing Law; Choice of Forum. This Release and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with the substantive laws (but not the principles governing conflict of laws) of the State of Georgia. Any dispute relating to this release shall be subject to the forum selection provisions of the Franchise Agreement.

5. Counterparts. This Release may be executed in one or more counterparts (including by facsimile) and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same Release.

[Signature page follows.]

IN WITNESS WHEREOF, each of the undersigned has executed this Release as of the Effective Date.

FRANCHISOR:

PRIMROSE SCHOOL FRANCHISING SPE, LLC

By: _____
Name: _____
Title: _____

FRANCHISEE:

[Name of Entity]

By: _____
Name: _____
Title: _____

REAL ESTATE AFFILIATE:

[Name of Entity]

By: _____
Name: _____
Title: _____

OWNERS:

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

Exhibit J
to
Franchise Disclosure Document

FRANCHISEE DISCLOSURE QUESTIONNAIRE

(attached)

PRIMROSE SCHOOLS®

FRANCHISEE DISCLOSURE QUESTIONNAIRE

THIS QUESTIONNAIRE SHALL NOT BE COMPLETED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE FRANCHISE IS SUBJECT TO THE STATE FRANCHISE DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, MARYLAND, DO NOT SIGN THE QUESTIONNAIRE.

You are preparing to enter into a Primrose Schools® Franchise Agreement. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue or misleading.

A. Establishment of New Business. The purchase of a Primrose Schools® Franchise ("**Franchise**") is primarily the purchase of a license to establish and operate a business under the Primrose Schools® name and trademarks ("**Marks**"). You must operate the Franchise in accordance with our business format. You understand that the operation of a new business involves a number of business risks, which exist in connection with any business.

B. The Importance of your effort can not be stressed enough. Starting a business is a complicated undertaking and will require both a financial investment and a commitment of personal time to work at and on the business a substantial number of hours per week. Although we will provide assistance and advice, we cannot guarantee your success as a franchisee. The earnings and profits that you earn as a franchisee will depend upon your own individual efforts in operating your Franchise. You understand that the success or failure of your Franchise may depend primarily on your local marketing efforts and you agree to engage actively and continuously in local marketing efforts such as flyer distribution, placement of advertisements in local newspapers and magazines, yellow pages, internet and otherwise as we recommend. Your failure to follow the our system for operating Primrose Schools® facilities (the "**System**") may have a negative effect on the Franchise.

C. Ability to Operate a Primrose Schools® Franchise. The ability to operate a profitable Franchise requires some level of business, management, and customer service skills. Our franchisees must always provide excellent customer service. How you treat customers is critical to the Franchise.

D. Additional Funds and Financial Requirements. In our Franchise Disclosure Document ("**FDD**"), we have disclosed an ESTIMATE of the amount of Additional Funds that you should have available to invest in the Franchise in the start-up phase. However, no amount of investment can guarantee you will have a profitable Franchise.

E. Pricing of Products and Services. Although we recommend methods to establish your pricing, as an independent business owner, you must establish your own pricing for the services provided by your Franchise. If you elect to price these services too low, you may adversely affect your profit margin. If you elect to set your prices too high, you may lose business to your competitors.

F. Training and Support. We produce and distribute various training materials, programs, manuals and newsletters to our franchisees, and we facilitate the holding of a national conference in order to encourage networking and exchange of ideas for the purpose of making your Franchise more profitable. While we can make recommendations and suggestions on how to improve your Franchise, it is up to you to avail yourself of and use the information and ideas we provide.

G. Competition. Each of the services you provide is also provided by others and new competitors may appear at any time within your Development or Designated Area although these competitors are not licensed to use our System or our Marks. It is also possible that another Primrose Schools® franchise may be located near or adjacent to your Development or Designated Area.

H. Taxes. Fees and Governmental Regulations. Your Franchise is a business operation and will be required to pay all existing and any new taxes and fees imposed on businesses by various governmental entities. Your Franchise will be subject to a variety of federal, state, and local laws and governmental regulations, including local licensing requirements, safety matters, environmental matters, toxic and hazardous materials, compliance with the Americans with Disabilities Act (ADA), OSHA, EEO, and any new or proposed legislation. You understand that we cannot advise you with regard to all such laws and it is your responsibility to know and comply with them.

I. Liability Insurance. You may, from time to time, receive complaints from or be served with lawsuits by customers alleging breach of contract or other misconduct resulting from your operation of the Franchise. Because you are licensed to use our Marks in your operation of the Franchise, we are occasionally included in these lawsuits. If we are sued because of something you have allegedly done or failed to do, you must defend us and any related parties in the lawsuit. As a result, you must carry proper insurance on the Franchise and you must name us as an additional insured. If you do not carry the proper coverage or if you fail to defend us, we may terminate your Franchise Agreement.

J. Renewal Option at End of Term. Your Franchise Agreement gives you a license to operate a Franchise for an initial term of 10 years. At the end of the 10 years, if you have complied with the terms of the Franchise Agreement, you may renew your Franchise by executing the then-current franchise agreement and complying with all other requirements for renewal. If we refuse to renew your Franchise Agreement because you have not complied with the Franchise Agreement or if you choose not to renew your Franchise Agreement, you will be required to turn your customer/student list and your telephone numbers and electronic identities, including domain names, over to us. You are also prohibited from operating within 5 miles of the site of your Franchise or your Designated Area any similar business which competes with us or our franchisees for a period of 2 years after your Franchise Agreement expires or is terminated.

K. Use of Independent Professional Advisers. We recommend that you consult with your own independent advisors in order to satisfy yourself concerning your ability to establish and operate a profitable business, taking into account the amount of working capital you have available, your anticipated debt service, your expenses, etc.

PLEASE REVIEW EACH OF THE FOLLOWING QUESTIONS AND PROVIDE RESPONSES.

1. Have you received and carefully reviewed the Franchise Disclosure Document provided to you?

   Yes No

2. Did you sign or electronically accept an Acknowledgement of Receipt page for the Franchise Disclosure Document indicating the date you received it?

   Yes No

3. Have you received and carefully reviewed the Franchise Agreement and each exhibit and schedule attached to the Franchise Agreement?

   Yes No

4. Do you understand that you may not rely on, and we will not be bound by (i) any representation or statement other than those included in our Franchise Disclosure Document; or (ii) any promise or obligation that is not specifically set forth in the Franchise Agreement or an exhibit or schedule attached to the Franchise Agreement?

   Yes No

5. Have you been given the opportunity, whether or not you may have done so, to discuss the risks of operating a Primrose Schools® Franchise with an attorney, accountant or other professional advisor?

   Yes No

6. Do you understand that the purchase of a Primrose Schools® Franchise is a business decision that has many of the same risks associated with starting any type of business and that the success or failure of your Primrose Schools® Franchise will depend in large part upon your skills and abilities, the number of hours you work, your ability to follow and apply the System and methods of doing business, competition from other businesses providing the same services, interest rates, inflation, the economy, labor costs, supply costs, and other economic and business factors?

   Yes No

7. Do you understand and acknowledge that we cannot guarantee the success of your Primrose Schools® Franchise or that it will ever achieve profitability?

   Yes No

8. Do you understand that in all dealings with you, our and our affiliates' officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?

   Yes No

9. Do you understand that any information concerning the revenue, profits, income or costs of a Primrose Schools® Franchise that was given to you by one of our franchisees is not information obtained from our or are affiliates' employees or representatives, and we make no representation about the information's accuracy?

Yes No

10. Have you considered the potential impact of the COVID-19 pandemic on customer demand; the supply chain for supplies, equipment, and services; your ability to timely construct your facility; employee availability; and other aspects of developing and operating your Franchise?

Yes No

Please review each of the following questions carefully and provide responses. When answering these questions, please remember that a Primrose Schools® franchisee is not our representative for the purposes of answering these questions.

11. Other than any statements specifically provided in Item 19 of our Franchise Disclosure Document, have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement concerning the revenues, profits and/or income of a Primrose Schools® Franchise?

Yes No

12. Have any of our employees or representatives made any promise, prediction, guarantee, projection or other statement about the amount of money you may earn or the revenue or profits that you should or might expect to achieve as a franchisee that is contrary to, or different from, the information contained in our Franchise Disclosure Document?

Yes No

13. Have any of our employees or representatives made any statement or promise regarding the costs you may incur in operating a Primrose Schools® Franchise; the advertising, marketing, training, support service or assistance that we will furnish to you; or any other statement, promise or agreement that is contrary to, or different from, the information contained in the Franchise Disclosure Document provided to you?

Yes No

14. Have any of our employees or representatives made any promise or agreement concerning the amount or type of customers that may be available to you if you purchase a Primrose Schools® Franchise?

Yes No

By signing below, you are representing that you have responded truthfully to the above questions and that you FULLY UNDERSTAND AND ACCEPT ALL OF THE BUSINESS RISKS described above.

By: _____

Name:_____

Date:_____

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	April 27, 2023
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending
Virginia	Pending
Wisconsin	April 27, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

ITEM 23: ACKNOWLEDGEMENT OF RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement, the Real Estate Development Agreement, and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Primrose School Franchising SPE, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. Iowa requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or 14 calendar days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. New York requires that we provide you with this Disclosure Document at the earlier of the first personal meeting or ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale. Michigan requires that we provide you with this Disclosure Document ten business days before you sign a binding agreement with, or make payment to, us or one of our affiliates in connection with the proposed sale.

If Primrose School Franchising SPE, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit E**.

This franchise is being offered by the following sellers, all of whom are located at 3200 Windy Hill Road SE, Suite 1200E, Atlanta, GA 30339 and whose telephone number is 770-529-4100 (check all that have been involved in the sales process): ☐ Danielle Briody ☐ Kristie Kalinowski ☐ Kim Musso ☐ Jasmina Patel ☐ Kristen Phillips ☐ Andrew (AJ) Schuler ☐ Dana Startt ☐ Tim Waldsmith ☐ _____ ☐ _____.

Our registered agents authorized to receive service of process are set forth on **Exhibit E**.

Issuance Date: April 27, 2023

I, personally, and as a duly authorized officer of the prospective franchisee (if the franchisee is an Entity), hereby acknowledge receipt from Primrose School Franchising SPE, LLC of the Franchise Disclosure Document (to which this Receipt is attached) dated April 27, 2023.

This Disclosure Document included the following exhibits: **A.** Financial Statements; **B.** State Specific Addenda to FDD; **C.** Franchise Agreement (including the following exhibits: B. Internet Website Agreement; C. Option Addendum; D. State-Required Addenda; E. Build-to-Suit Program Amendment; F. Permanent Lease Program Amendment; G. Independent Development Program Amendment); **D.** List of Franchisees and Other Facilities-Related Information; **E.** List of State Administrators and Agents for Service of Process; **F.** Confidential Operations Manuals Table of Contents; **G.** Real Estate Development Agreement; **H.** Additional Real Estate Agreements; **I.** General Release; and **J.** Franchisee Disclosure Questionnaire.

1) _____	1) _____
Signature (individually and as an officer/member)	**Date Disclosure Document Received**
_____	
Print Name	
2) _____	2) _____
Signature (individually and as an officer/member)	**Date Disclosure Document Received**
_____	
Print Name	
_____	***KEEP FOR YOUR RECORDS***
Print Franchisee's Name	

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If Primrose School Franchising SPE, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on **Exhibit E**.

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1) _____	1) _____
Signature (individually and as an officer/member)	**Date Disclosure Document Received**
_____	
Print Name	
2) _____	2) _____
Signature (individually and as an officer/member)	**Date Disclosure Document Received**
_____	
Print Name	
_____	***TO BE RETURNED TO PRIMROSE***
Print Franchisee's Name	