



FRANCHISE DISCLOSURE DOCUMENT

Daybase Franchising, LLC
a Delaware limited liability company
335 Madison Avenue, 3rd Floor
New York, New York 10017
646-328-6889
info@daybase.co
www.daybase.co

The franchise offered is to develop and operate, under the “DAYBASE” name and other trademarks, an alternative workspot solution offering on-demand workspots and meeting facilities to individuals who work remotely some or all of the time and to enterprises which have distributed teams.

The total investment necessary to begin operation of a new DAYBASE Workspot is \$1,225,500 to \$1,718,500 (including real estate costs). This includes \$70,000 to \$95,000 that must be paid to the franchisor or affiliate. If you want development rights, you must pay us a development fee for all of the DAYBASE Workspots you agree to develop (the amount of which depends on the number of DAYBASE Workspots to which you commit). The total investment necessary to begin operation if you acquire development rights (assuming 3 to 9 DAYBASE Workspots) is \$1,260,500 to \$1,878,500. This includes \$55,000 to \$255,000 that must be paid to the franchisor or affiliate. We are currently offering a launch market promotion for the first 6 developers, which accounts for the reduced low-end fees paid to the franchisor or affiliate. Under the standard development rights rider, developers must pay \$110,000 to \$255,000 to the franchisor or affiliate.

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 Parker Lieberman at (646) 567-8773, or parker@daybase.co.

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

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

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

Issuance date of this Franchise Disclosure Document: August 17, 2021

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 I.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you 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 DAYBASE Workspot 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 DAYBASE Workspot franchisee?	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit 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 within 10 miles of its then-current principal business address (currently New York, New York). 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 its then-current home state (currently New York) than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan Consumer Protection Division
Attn: Franchise
670 G. Mennen Williams Building
525 West Ottawa, Lansing, Michigan 48933
(517) 335-7567

Notwithstanding paragraph (f) above, we intend to enforce fully the provisions of the arbitration section of our Franchise Agreement. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration provision. If you acquire a franchise, you acknowledge that we will seek to enforce that section as written, and that the terms of the Franchise Agreement will govern our relationship with you, including the specific requirements of the arbitration section.

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Item 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

The franchisor is Daybase Franchising, LLC (“we,” “us,” or “our”). “You” or “**Franchisee**” means the person or entity who buys the franchise, including all equity owners of a corporation, general partnership, limited partnership, limited liability, or any other type of entity (an “**Entity**”). If you are an Entity, each individual with direct or indirect ownership interest shall be referred to as an “**Owner**.”

We are a Delaware limited liability company formed on May 6, 2021. Our principal business address is 335 Madison Avenue, 3rd Floor, New York, New York 10017. We conduct business primarily under our limited liability company name, the “DAYBASE™” trademark, and no other name. We have no predecessors.

Our parent company, Daybase, Inc., a Delaware corporation (“**Daybase, Inc.**”), which shares our principal business address, owns the trademarks, operating systems, and other intellectual property we license to franchisees. It has licensed that intellectual property to us for use in our franchise program. Daybase, Inc. has never operated a DAYBASE Workspot or offered franchises in any line of business. Our affiliate, Daybase Operations LLC, a Delaware limited liability company that shares our principal business address, does not currently operate any DAYBASE Workspots but will do so in the future.

We have no other affiliates currently disclosable in this Item 1. If we have an agent in your state for service of process, we disclose that agent in Exhibit E.

The Franchise Offered

We grant franchises to develop and operate a workspot concept identified by the Marks (defined below) and using the Franchise System (defined below) that currently provides, following a proprietary format, a convenient, flexible and personal productivity environment available to customers on-demand (the “**Workspot Concept**”). We call these businesses “**DAYBASE Workspots**”. In this Disclosure Document, we refer to your DAYBASE Workspot as the “**Workspot**.” You must operate your Workspot pursuant to a DAYBASE franchise agreement (the “**Franchise Agreement**”). Our current form of Franchise Agreement is attached as Exhibit B to this Disclosure Document. DAYBASE Workspots operate under trademarks, service marks, and other commercial symbols we periodically designate, including “DAYBASE™” (the “**Marks**”) and the DAYBASE business system, business formats, methods, procedures, designs, modular, pre-fabricated components, layouts, digital location management and operations platform and professional training, trade dress, standards, specifications, and Marks that we periodically may improve, further develop, and otherwise modify (collectively, the “**Franchise System**”). Your Workspot must comply with the mandatory and suggested specifications, standards, operating procedures, and rules we periodically specify for DAYBASE Workspots (“**Brand Standards**”) and you must offer the services and products we specify.

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of DAYBASE Workspots within a defined development area

according to a pre-determined development schedule. Those franchisees may open and operate their DAYBASE Workspots directly or through certain Approved Affiliates. If your Owners establish a new Entity to operate one or more of the DAYBASE Workspots to be developed pursuant to a Development Rights Rider (as defined below) and that new Entity's ownership is completely identical to your ownership, that Entity automatically will be considered an **"Approved Affiliate"** without further action. However, if the new Entity's ownership is not completely identical to your ownership, you first must seek our approval for that new Entity to develop and operate the proposed DAYBASE Workspot as an Approved Affiliate. We may refuse any such request if you and/or your Owners do not (a) own and control at least 50% of the new Entity's ownership interests, and (b) have the authority to exercise voting and management control of the DAYBASE Workspot proposed to be owned by the new Entity.

Our **"Standard"** form of Development Rights Rider to Franchise Agreement is attached as Exhibit C-1. Our **"Launch Market"** Development Rights Rider is attached as Exhibit C-2 and is generally being offered for our first 6 franchisees in markets that we designate within the contiguous United States. Our Standard Development Rights Rider and Launch Market Development Rights Rider are generally for franchisees committing to develop 3 or more DAYBASE Workspots. The Standard Development Rights Rider and the Launch Market Development Rights Rider are identical in substance, except that the Launch Market Development Rights Rider provides franchisees with additional discounts on initial and ongoing fees and an "opt-out right" (as described further below). **"Development Rights Rider"** in this Disclosure Document refers to both the Standard Development Rights Rider and the Launch Market Development Rights Rider, unless otherwise noted.

If you sign our Standard Development Rights Rider, you must sign our then-current form of Franchise Agreement for each additional DAYBASE Workspot you develop under the Standard Development Rights Rider. While that form may differ substantially and materially year to year from the first Franchise Agreement that you sign for your first Workspot to be developed (our current version of Franchise Agreement is disclosed in this Disclosure Document), the royalty under each additional Franchise Agreement will be the same as the royalty contained in the first Franchise Agreement. However, if you and your Approved Affiliates are not, when the next Franchise Agreement is signed, in full compliance with the Standard Development Rights Rider and all other Franchise Agreements then in effect with us for DAYBASE Workspots, then we reserve the right to charge, without modification, the royalty fees and all other fees specified under our then-current form of Franchise Agreement.

If you sign our Launch Market Development Rights Rider, you must sign our then-current form of Franchise Agreement for each additional DAYBASE Workspot you develop under the Launch Market Development Rights Rider. While that form may differ substantially and materially year to year from the first Franchise Agreement that you sign for your first Workspot to be developed (our current version of Franchise Agreement is disclosed in this Disclosure Document), the following will apply: (a) the initial franchise fee payable under the first Franchise Agreement will be reduced to \$25,000, the initial franchise fee payable under the second Franchise Agreement signed in connection with the Launch Market Development Rights Rider will be reduced to \$20,000, and the initial franchise fee payable under each subsequent Franchise Agreement signed in connection with the Launch Market Development Rights Rider

will be reduced to \$40,000; (b) we or our affiliate will fund your minimum market introduction program expenditure (currently \$20,000) under the first Franchise Agreement and second Franchise Agreement signed in connection with the Launch Market Development Rights Rider; (c) the royalty for each franchise you develop in accordance with the development schedule set forth in the Launch Market Development Rights Rider will be the lesser of (i) the royalty contained in the first Franchise Agreement, and (ii) the royalty contained in the then-current Franchise Agreement you or your Approved Affiliate sign under the Launch Market Development Rights Rider; (d) we will fulfill your obligation to pay a Success Center Fee (defined in Item 6) during the initial 12 months of the term of the first Franchise Agreement; and (e) during the 30-day period between the 5th and 6th months that the Workspot operating under the first Franchise Agreement is open and operating, you may exercise an opt-out right (the “**Opt-Out Right**”), under which you will have the right to sell, upon written notice to us, and cause us or our designee to purchase, all of the assets of the first Workspot and all other DAYBASE Workspots that have been established and are operating under the Launch Market Development Rights Rider as of the date that you exercise the Opt-Out Right.

We have not offered franchises and development rights for DAYBASE Workspots prior to the date of this Disclosure Document. We have no other business activities and have not offered franchises in other lines of business. We have never operated a DAYBASE Workspot.

Your Workspot will offer services and products to the general public throughout the year. The market is developing. You will face competition from local and regional co-working brands and companies that adopt enterprise driven return-to-office policies. Some competitors currently are larger and have better name recognition than “DAYBASE Workspot.” Other DAYBASE Workspots located outside your area of protection, but which market and advertise in your market, also might compete with your Workspot.

We are unaware of any specific federal or state regulations or licensing requirements for offering alternative workspot solutions. However, you must comply with laws and regulations that are applicable to businesses generally (such as workers’ compensation, OSHA, and Americans with Disabilities Act requirements). There may be other laws, rules, or regulations that affect your Workspot. 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 in your jurisdiction. We do not assume any responsibility for advising you on these regulatory matters. You should consult with your attorney about laws and regulations that may affect your Workspot. You should investigate these laws and regulations when evaluating your franchise acquisition.

Item 2 **BUSINESS EXPERIENCE**

President and Chief Executive Officer: Joel Steinhaus

Joel has served as our President and Chief Executive Officer since our inception in May 2021. Joel has also served as President and Chief Executive Officer of Daybase, Inc. in New York, New York since October 2020. From November 2019 to September 2020, Joel was in

between roles. From September 2017 to October 2019, Joel served as Head of Strategic Initiatives for WeWork in New York, New York. Prior to that, Joel served as Chief of Staff at WeWork in New York, New York from October 2016 to September 2017. Before that, Joel served as Managing Director, Chief of Staff at Citigroup in New York, New York from January 2013 to October 2016. Joel serves in his present capacities in New York, New York.

Chief Operating Officer: Doug Chambers

Doug has served as our Chief Operating Officer since our inception in May 2021. Doug has also served as Chief Operating Officer for Daybase, Inc. in New York, New York since November 2020. From July 2019 to October 2020, Doug was in between roles. From June 2017 to June 2019, Doug served as Vice President – Global Client Solutions for WeWork in New York, New York. Prior to that, Doug served as Chief Executive Officer of Fieldlens in New York, New York from November 2011 to June 2017. Doug serves in his present capacities in New York, New York.

Head of Product Systems: Nicolas Rader

Nicolas has served as our Head of Product Systems since our inception in May 2021. Nicolas has also served as Head of Product Systems for Daybase, Inc. in New York, New York since October 2020. From January 2018 to June 2020, Nicolas served as Vice President, Head of Design, PxWe for WeWork in New York, New York. Prior to that, Nicolas served as Vice President, Head of Architecture for WeWork in New York, New York from July 2017 to December 2017. Before that, Nicolas served as Director, SF Studio for Snohetta in New York, New York from March 2014 to June 2017. Nicolas serves in his present capacities in New York, New York.

Head of Hospitality: Parker Lieberman

Parker has served as our Head of Hospitality since our inception in May 2021. Parker has also served as Head of Hospitality for Daybase, Inc. in New York, New York since October 2020. In addition, Parker has served as Founder of Dial & Bezel in New York, New York since June 2020. From January 2017 to June 2020, Parker served as Director, Strategy Operations at WeWork in New York, New York. Prior to that, Parker served as Director, Community Strategy at WeWork in New York, New York from January 2016 to January 2017. Parker serves in his present capacities in New York, New York.

Head of Experience: Adam Koogler

Adam has served as our Head of Experience since our inception in May 2021. Adam has also served as Head of Experience for Daybase, Inc. in New York, New York since October 2020. From September 2018 to September 2020, Adam served as Head of Design Strategy, PxWe – Global for WeWork in New York, New York. Prior to that, Adam served as Senior Design Director, Powered By We – US & Canada East for WeWork in New York, New York from April 2018 to September 2018. Before that, Adam served as Design Director, Enterprise – Global for WeWork in New York, New York from January 2017 to March 2018. From January

2016 to December 2016, Adam served as Senior Project Architect – US at WeWork in New York, New York. Adam serves in his present capacities in New York, New York.

Head of Finance: Courtney Dawson

Courtney has served as our Head of Finance since our inception in May 2021. Courtney has also served as Head of Finance for Daybase, Inc. in New York, New York since October 2020. From May 2020 to July 2020, Courtney served as Senior Associate at Hospitality House in New York, New York. Prior to that, Courtney served as Lead, Corporate Strategic Finance at WeWork in New York, New York from May 2018 to March 2020. Before that, Courtney served as Leverage Finance & Financial Sponsors Analyst at UBS in New York, New York from July 2016 to May 2018. Courtney serves in her present capacities in New York, New York.

Item 3
LITIGATION

No litigation is required to be disclosed in this Item.

Item 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

Item 5
INITIAL FEES

Franchise Agreement

You must pay us a \$50,000 initial franchise fee in a lump sum at the same time you sign the Franchise Agreement. The initial franchise fee is not refundable under any circumstances. The Franchise Agreement will not be effective, and you will have no franchise rights, until we receive the initial franchise fee. Under certain circumstances, a reduced initial franchise fee is due if you sign a Franchise Agreement under a Development Rights Rider (see below).

You must hire and contract directly with our designated Project Manager (which may be one of our representatives or affiliates, or a third-party) to provide various real estate and construction management services (including site selection, lease negotiation, and Workspot development services). You must pay the Project Manager directly its current fees for services (currently, \$20,000) within 3 business days of the effective date of the Franchise Agreement. This payment is not refundable.

You must conduct a market introduction program for the Workspot. We expect this program to begin approximately 4 months before and to continue for approximately 3 months after the Workspot opens (although we may specify a different timeframe). We will consult with you about the type of market introduction program that we believe is most suitable for your Workspot's market and will create and implement the program for you. You must spend at least \$20,000 on the market introduction program, which will include expenditures for our creation

and implementation of the market introduction program for you as well as production and media placement. The market introduction program will be implemented according to Brand Standards and our other requirements. We will spend the amounts earmarked for production and media placement on your behalf in the Workspot's market in compliance with the market introduction program. We will fund the market introduction program for the first 2 Franchise Agreements you sign under a Launch Market Development Rights Rider. In addition, the market introduction program will be waived if you develop an Overflow Workspot (as defined in Item 12).

We provide initial training for your Managing Owner (as defined in Item 15) and up to 3 additional people (which must include your general manager and lead sales representative) for no fee. We may charge our then-current training fee (currently \$5,000) for each additional person you wish to send to initial training or if your Managing Owner, general manager or lead sales representative fails to complete initial training to our satisfaction and must attend a retraining session. This payment is not refundable.

If your Managing Owner, general manager or lead sales representative cancels participation in any training class for which they pre-register and pay us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply 1/2 of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, general manager or lead sales representative attend. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees. If your Managing Owner, general manager or lead sales representative cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is 1/2 of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. This fee is due immediately and is not refundable.

We did not offer franchises before the date of this Disclosure Document, so no franchisees entered into Franchise Agreements during 2020.

Standard Development Rights Rider

If you sign a Standard Development Rights Rider because you commit to develop multiple DAYBASE Workspots in a specified development area, we currently charge a development fee that you must pay in full at the same time you sign the Standard Development Rights Rider (the “**Development Fee**”). The Standard Development Rights Rider will not be effective, and you will have no development rights, until we receive the Development Fee. The Development Fee under the Standard Development Rights Rider is equal to the sum of \$50,000 for the initial franchise fee for your first Workspot, plus a deposit of 50% of the sum of all initial franchise fees payable for each additional DAYBASE Workspot that you commit to develop under the Standard Development Rights Rider. The total initial franchise fee for each subsequent DAYBASE Workspot you develop under the Standard Development Rights Rider is reduced to \$40,000. You must pay us this fee in a lump sum when you sign the Standard

Development Rights Rider. We will not refund the Development Fee under any circumstances, but we will apply the deposit for each DAYBASE Workspot toward the initial franchise fee owed under the corresponding Franchise Agreement. We expect the Standard Development Rights Rider to cover a minimum of 3 DAYBASE Workspots.

NUMBER OF DAYBASE WORKSPOTS	DEVELOPMENT FEE
3	\$90,000
4	\$110,000
5	\$130,000
6	\$150,000
7	\$170,000
8	\$190,000
9	\$210,000

Launch Market Development Rights Rider

If you sign a Launch Market Development Rights Rider because you commit to develop multiple DAYBASE Workspots in a specified development area that we designate as a “Launch Market,” we currently charge a Development Fee that you must pay in full at the same time you sign the Launch Development Rights Rider. The Launch Market Development Rights Rider will not be effective, and you will have no development rights, until we receive the Development Fee. The Development Fee under the Launch Market Development Rights Rider is equal to the sum of \$25,000 for the initial franchise fee for your first Workspot, plus a deposit of 50% of the sum of all initial franchise fees payable for each additional DAYBASE Workspot that you commit to develop under the Launch Market Development Rights Rider. The total initial franchise fee for the second DAYBASE Workspot you develop under the Launch Market Development Rights Rider is reduced to \$20,000. The total initial franchise fee for each additional DAYBASE Workspot you develop under the Launch Market Development Rights Rider is reduced to \$40,000. You must pay us the Development Fee in a lump sum when you sign the Launch Market Development Rights Rider. We will not refund the Development Fee under any circumstances, but we will apply the deposit for each DAYBASE Workspot toward the initial franchise fee owed under the corresponding Franchise Agreement. We expect the Launch Market Development Rights Rider to cover a minimum of 3 DAYBASE Workspots.

NUMBER OF DAYBASE WORKSPOTS	DEVELOPMENT FEE
3	\$55,000
4	\$75,000
5	\$95,000

NUMBER OF DAYBASE WORKSPOTS	DEVELOPMENT FEE
6	\$115,000
7	\$135,000
8	\$155,000
9	\$175,000

We will identify the number of DAYBASE Workspots you must develop, the deadlines for signing their Franchise Agreements and leases and then opening them, and the applicable Development Fee before signing the Development Rights Rider. If you sign the Development Rights Rider, pay the Development Fee, and then cannot find sites for DAYBASE Workspots or choose for another reason not to perform (in which case we may terminate the Development Rights Rider), we may keep the entire Development Fee and need not return any money to you.

When you sign a Franchise Agreement under the Development Rights Rider, you must pay the initial franchise fee less the deposit you paid for that DAYBASE Workspot as part of the Development Fee.

Item 6
OTHER FEES

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Royalty	7% of Workspot's monthly Gross Revenue ⁽³⁾ , but subject to "Minimum Royalty" discussed in Remarks column	Due by the 15 th of each calendar month ⁽⁴⁾	You must pay us a " Minimum Royalty " for each calendar month during the franchise term equal to no less than \$3,500 ⁽²⁾ . If the monthly Royalties you pay us at 7% of the Workspot's monthly Gross Revenue do not equal in the aggregate, during each calendar month, the Minimum Royalty amount, you must pay us the deficiency within 7 days after the end of the calendar month. However, the Minimum Royalty does not begin until after you have operated the Workspot for 6 months.
Software License Fee	Currently \$1,000 per calendar month	Due by the 15 th of each calendar month ⁽⁴⁾	For the right to use our affiliate's proprietary DAYBASE software package (" DBTech "). See Item 11 for additional information regarding DBTech.
Brand Fund Contributions	3% of Workspot's monthly Gross Revenue	Due by the 15 th of each calendar month ⁽⁴⁾	We have established a fund (" Brand Fund ") for advertising, market, research and development, public relations, social-media management, and customer-relationship

Column 1 Type of Fee ⁽¹⁾	Column 2 Amount ⁽²⁾	Column 3 Due Date	Column 4 Remarks
			management programs and materials, the purpose of which is to enhance, promote and protect the DAYBASE brand and Franchise System. See Item 11.
Success Center Fee	2% of Workspot's monthly Gross Revenue	Monthly or as otherwise specified	<p>We may directly or through a designated source (including an affiliate) develop, implement, operate, maintain, and improve a resource (a "Success Center") for the benefit of all DAYBASE Workspots and which all DAYBASE Workspots must use. The Success Center will deliver support services to DAYBASE Workspots and their customers, including reservation disputes and issues, handling customer inquiries, helping resolve customer complaints and concerns, and maintaining a customer database that provides management reports to franchisees. The Success Center will also provide you with 2 success managers, a "Franchise Success Manager" who, among other things, will provide you with virtual support, including ongoing and supplemental training and an "Enterprise Customer Success Manager" who will provide support to Enterprise Customers on behalf of DAYBASE Workspot franchisees. We may charge you a fee (the "Success Center Fee") to support the Success Center's operation, including staffing, equipment and technology. While we or our designee may control use of the Success Center Fee, the Success Center Fee will not be used to pay any of our general operating costs, except for salaries for Success Center staff and other actual costs to administer and operate the Success Center.</p> <p>We will fulfill your obligation to pay a Success Center Fee during the initial 12-months of your first Franchise Agreement's term if you sign a Launch Market Development Rights Rider.</p>

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Sales Fee	2% of Workspot's Gross Revenue	Monthly or as otherwise specified	Used by us in promotion of cross-selling to existing and new customers, including Enterprise Customers, of the Workspot Concept. The Franchise System may include programs and incentives for you and sales agents to sell and cross-sell products and services to local, regional and national accounts (the " Sales Growth Program "). We may use monies contributed to the Sales Growth Program to pay the salaries of our sales agents, Enterprise Customer account commissions to franchisees (including you, as applicable), and sales commissions to our sales agents. See Note 5 for additional information regarding Enterprise Customer accounts and our commission structure.
Local Community Building Spending Requirement ⁽⁶⁾	Ranges from 1% to 3% of Workspot's projected annual Gross Revenue	Must be spent annually	
Cooperative Contributions ⁽⁷⁾	An amount we specify up to 2% of Workspot's monthly Gross Revenue	As specified by the cooperative	We have not yet formed any cooperatives and do not yet require cooperative contributions. All of the cooperative dues you contribute (if any) will count toward the local Community Building Spending Requirement but will not affect your market introduction program obligations or be credited toward your required Brand Fund contributions.
Successor Franchise Fee	\$5,000	When you sign a successor Franchise Agreement (if you have that right)	
Transfer of Franchise Rights or Controlling Ownership Interest in Franchisee	\$40,000	Upon transfer	

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Transfer of Non-Controlling Ownership Interest in Franchisee	\$5,000	Upon transfer	
Opening Set-Up and Support	Our personnel's daily charges (including wages) and travel-related expenses	As incurred	We will send an "opening team" (involving the number of people we determine) to the Workspot for 3 days in connection with its opening to the public for business (typically starting before and continuing after actual opening), as we deem best under the circumstances, to help you train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices) and prepare the Workspot for opening. We will pay our opening team's wages and travel-related expenses. However, if you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our personnel's daily charges (including wages) and travel-related expenses.
Retraining of Managers	Our then-current retraining fee; currently \$5,000 per person	As incurred	Due if (i) your Managing Owner, general manager or lead sales representative fails to complete initial training program to our satisfaction; (ii) we must train their replacements; or (iii) we determine after an inspection of your Workspot that retraining is necessary because the Workspot is not operating according to Brand Standards.
Annual Meeting / Convention	Will vary under circumstances (not to exceed \$500 per person; does not include your actual out-of-pocket attendance costs)	As incurred	You (or your designated representative we approve) must at our request attend our annual franchisee meeting at a location we designate and pay an attendance fee. We will charge this fee even if you (or your representative) do not attend (whether or not we excuse that non-attendance).
Product and Service Purchases	Varies depending on products and services you buy from us or	As incurred	You must buy certain products and services from us or our affiliates, from designated or approved distributors and suppliers, or

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
	our affiliates		according to our standards and specifications. If we or our affiliates sell products or services to you during the franchise term that are not already addressed in this Item 6—and there currently are none—we or our affiliates will provide advance notice of the applicable prices.
Testing and Evaluation Costs	Our actual testing/evaluation costs (amount depends on circumstances, including supplier's location, testing required, and item involved)	As incurred	Covers costs of testing new products/services or inspecting new suppliers you propose.
Relocation	Not to exceed \$25,000 plus reasonable costs we incur	As incurred	Due only if you relocate your Workspot.
Audit	Cost of inspection or audit, including legal fees and independent accountants' fees, plus travel expenses, room and board, and compensation of our employees	As incurred	Due if you fail to report or understate Gross Revenue by 2% or more. Amount depends on nature and extent of your non-compliance.
Inspection Fee	Actual costs of first follow-up audit (including our personnel's wages and travel-related expenses) \$2,500 for the second and each follow-up evaluation we make and for each inspection you specifically request	As incurred	Compensates our costs and expenses for each follow-up inspection to confirm your compliance with Franchise Agreement and Brand Standards.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	When invoiced	Due on past due amounts.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Administrative Fee	\$100	When invoiced	Due for each late or dishonored payment.
Non-Compliance Fee	\$250 to \$1,000 for deviations from operational requirements/Brand Standards	When billed	Due if you deviate from contractual requirement, including any Brand Standard. This compensates us for administrative and management costs, not for our damages due to your default. We may charge \$250 for each deviation. If the same (or a substantially similar) deviation is discovered on 1 or more consecutive, subsequent visits to or inspections of your Workspot, you may be charged \$500 for the 1st repeat deviation and \$1,000 for the 2nd and each subsequent repeat deviation.
Costs and Attorneys' Fees	Varies under circumstances and depends on nature of your non-compliance	As incurred	If we incur costs and expenses (internal or external) to enforce our rights or your obligations under the Franchise Agreement because you fail to comply with the franchise Agreement, you must reimburse all costs and expenses we incur, including reasonable accounting, attorneys', arbitrators', and related fees.
Indemnification	Varies under circumstances and depends on nature of third-party claim	As incurred	You must reimburse us for all claims and losses arising out of (i) your Workspot's construction, design, or operation, (ii) the business you conduct under your Franchise Agreement, (iii) your non-compliance or alleged non-compliance with any law, (iv) a data security incident, or (v) your breach of the Franchise Agreement.
Management Fee	Up to 10% of Gross Revenue, plus any out-of-pocket expenses incurred in connection with the Workspot's management	As incurred	Due if we assume the Workspot's management in certain situations, including your default, your failure to achieve certain performance standards, or if you exercise your Opt-Out Right under a Launch Market Development Rights Rider. ⁽⁸⁾
Remedial Expense	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs of correcting any deficiencies at the Workspot or in its operation (short of our taking over management) if you fail to do so.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
Tax Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse us for taxes we must pay any state taxing authority on account of either your operation or your payments to us (except for our income taxes).
Insurance Reimbursement	Out-of-pocket cost reimbursement	As incurred	You must reimburse our costs if we obtain insurance coverage for your Workspot because you fail to do so.
De-Identification Fee	Cost reimbursement	As incurred	You must reimburse our costs of de-identifying your Workspot if you fail to do so.
Training Cancellation Fees	Varies depending on the training program cancelled and when you cancel attendance	As incurred	If participation in training is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply 1/2 of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, general manager or lead sales representative attend. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees. If your Managing Owner, general manager or lead sales representative cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is 1/2 of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin. This fee is due immediately and is not refundable.
Liquidated Damages	Product of either 24 or the number of months that would have remained in franchise term (as of the effective date of termination) had the Franchise Agreement	Within timeframe we specify	If we terminate the Franchise Agreement for cause, or you terminate Franchise Agreement without cause, before the franchise term's scheduled expiration date.

Column 1	Column 2	Column 3	Column 4
Type of Fee ⁽¹⁾	Amount ⁽²⁾	Due Date	Remarks
	not been terminated, whichever is shorter, multiplied by average monthly Royalties and Brand Fund contributions that were due and payable to us during the 12 months before the month of termination (or for such lesser period that the Workspot has been open, if less than 12 months)		

Notes:

1. Except as noted above and except for certain product and service purchases from unaffiliated suppliers, all fees are imposed and collected by and payable to us or an affiliate. Except as noted above, no fee is refundable. The fees described above are our current offering and are uniformly imposed.
2. We reserve the right to increase the amount of any fixed fee, fixed payment, or fixed amount (*i.e.*, not stated as a percentage) under the Franchise Agreement based on changes in the Index (defined below) (“**Annual Increase**”). An Annual Increase may occur only once per calendar year and may not exceed the corresponding cumulative increase in the Index since the Franchise Agreement’s effective date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. All Annual Increases will be made at the same time during the calendar year. “**Index**” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. We also reserve the right—if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any third-party charges we collect from you on a pass-through basis (*i.e.*, for ultimate payment to the third party)—to increase the fixed fee, payment, or amount beyond the Annual Increase to reflect increases in the third party’s charges to us.
3. “**Gross Revenue**” means the aggregate amount of all revenue and other consideration generated from any source, including revenue and other consideration generated from selling services, products, and merchandise; revenue earned from customers’ redemption of DAYBASE credits upon utilization of your Workspot; revenue earned from Home Members’ (defined below) monthly membership fees; Franchisee Enterprise Customer

Commissions (defined below) you earn; other types of revenue you receive, including the proceeds of business interruption insurance; and (if we allow barter) the value of services, products, and merchandise bartered in exchange for the Workspot's services, products, or merchandise.

Gross Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by (i) the value of promotional or marketing discounts offered to the public (with our prior approval), and (ii) the amount of any credits the Workspot provides in accordance with the terms and conditions set forth in the Operations Manual. Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, regardless of when you receive payment (whether full or partial, or at all) on that sale. Revenue from DAYBASE credits is not included in your Workspot's Gross Revenue unless and until a customer redeems such DAYBASE credits in exchange for utilization of your Workspot. Revenue from gift cards we approve for offer and sale at DAYBASE Workspots is included in the Workspot's Gross Revenue when the gift card is used to pay for services and products (although we may collect our fees due on that revenue when the gift card is sold). Your Workspot may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.

4. The payment day for the Royalty, Software License Fee, Brand Fund contributions, and other ongoing fees is currently the 15th of each calendar month (the "**Payment Day**") but we may change the Payment Day upon notice to you. You must authorize us to automatically debit directly from Gross Revenue collected in the payment system the sum of the Royalty, Software License Fee, Brand Fund contribution, Sales Fee, Success Center Fee, credit card processing fees (we currently estimate these fees to be approximately 3% per transaction) and other amounts due under the Franchise Agreement or otherwise (collectively, the "**Gross Fee**"). On a Payment Day we will pay to you or your designated bank, in a single net payment, Gross Revenue for the prior payment period less the Gross Fee for the same period. Payments owed to you on a Payment Day will be made by ACH transfer. If we are unable to deposit monies into your account for reasons outside of our control, we may, at our option, make payments to you by a check or withhold payments until our ability to make direct deposits into your bank account is restored. You acknowledge that, under all circumstances, payments to you may arrive in your bank account later than the Payment Day.

If you fail to report the Workspot's Gross Revenue when required, we may increase the Gross Fee to 125% of the Gross Fee that we debited for the previous payment period. If the amount we debit is less than the amount you actually owe us (once we determine the Workspot's actual Gross Revenue), we will debit your account for the balance due on the day we specify. If the amount we debit is greater than the amount you actually owe us

(once we determine the Workspot's actual Gross Revenue), we will credit the excess, without interest, against the amount we may debit for the following payment period.

5. An “**Enterprise Customer**” is a customer (typically a team, division, or company) that pre-pays annually (or multi-annually) for DAYBASE credits that its workforce may redeem at DAYBASE Workspots. Franchisee(s) that are materially involved in assisting us and our sales agents in securing an Enterprise Customer account may receive a commission (the “**Franchisee Enterprise Customer Commission**”) in accordance with our Sales Growth Program policies (which we may modify periodically). Franchisee Enterprise Customer Commissions may be divided among more than one franchisee. If applicable, we will pay the Franchisee Enterprise Customer Commission upon receipt of payment from the Enterprise Customer. The Franchisee Enterprise Customer Commission is Gross Revenue that is subject to the Gross Fee.

We will determine the amount of the Franchisee Enterprise Customer Commission and the way it may be divided when our confidence of closing the sale of the Enterprise Customer account reaches 75%.

In addition to the Franchisee Enterprise Customer Commission, our internal sales agents will receive a commission based on the total amount that the Enterprise Customer pre-pays to us, in accordance with our Sales Growth Program policies (which we may modify periodically).

6. You must spend the following minimum amounts of your Workspot's projected annual Gross Revenue (based upon your Workspot's previous 6 months' performance, except for the first 6 months of the term of the Franchise Agreement, for which you and we will agree upon a projection) on approved and designated marketing materials and advertising, marketing, and promotional programs targeted at building community awareness and loyalty for the Workspot in your area of protection (the “**Community Building Spending Requirement**”): (a) 3% of such projected annual Gross Revenue if the Workspot had fewer than 400 Home Members at any time during the immediately preceding 6 months; (b) 2% of such projected annual Gross Revenue if the Workspot had between 401 and 599 Home Members at any time during the immediately preceding 6 months; or (c) 1% of such projected annual Gross Revenue if the Workspot had more than 600 Home Members at all times during the immediately preceding 6 months. “**Home Member**” means a paying customer of the Franchise System who has purchased a DAYBASE membership and has designated your Workspot to be its primary DAYBASE location.

You must help us prepare for you a local marketing plan for the Community Building Spending Requirement. We will not count any of the following expenditures towards your Community Building Spending Requirement: Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Community Building Spending Requirement. We may review your books and records, and require you to submit reports

periodically, to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Community Building Spending Requirement, we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Brand Fund. Despite anything above, we may require you to pay us the Community Building Spending Requirement, which we will then spend for you in your area of protection for the materials and activities described above.

7. We may designate a geographic area for an advertising cooperative (a “**Cooperative**”). The Cooperative’s members in any area are the owners of DAYBASE Workspots located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We may change, dissolve, and merge Cooperatives. Each Cooperative’s purpose is, with our approval, to administer advertising programs and develop marketing materials for the area the Cooperative covers. If, as of the effective date of your Franchise Agreement, we have established a Cooperative for the geographic area in which your Workspot is located, or if we establish a Cooperative in that area during the term of your Franchise Agreement, you automatically will become a member of the Cooperative and then must participate as its governing documents require. We may require you to contribute up to 2% of the Workspot’s monthly Gross Revenue to the Cooperative.
8. We or our designee has the right (but not the obligation) to enter the site and assume the Workspot’s management for any time period we deem appropriate if (i) you abandon or fail actively to operate the Workspot for any period; (ii) upon the death or disability of any of your owners, the Workspot’s day-to-day operations are not being managed by a Managing Owner or trained manager; (iii) you default; (iv) you fail to achieve an average of 40% occupancy on a weekly basis for 4 consecutive quarters and you have fewer than 300 Home Members for 4 consecutive quarters (the “**Minimum Performance Standards**”); (v) after termination or expiration of the Franchise Agreement while we are deciding whether to exercise our right to purchase the Workspot’s assets; or (vi) you exercise your Opt-Out Right under the Launch Market Development Rights Rider.

Item 7
ESTIMATED INITIAL INVESTMENT

Franchise Agreement

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$20,000 to \$50,000	Lump sum	When you sign Franchise Agreement	Us
Rent (3 months) ⁽²⁾	\$35,000 to \$55,000	As incurred	As incurred	Landlord
Security Deposit ⁽³⁾	\$55,000 to \$80,000	As incurred	As incurred	Landlord
Insurance (3 Months) ⁽⁴⁾	\$500 to \$4,000	As incurred	As incurred	Insurance Broker
Market Introduction Program ⁽⁵⁾	\$0 to \$20,000	Lump sum	As incurred	Us and Marketing/ Advertising Sources
Training Expenses ⁽⁶⁾	\$5,000 to \$8,000	As incurred	During training	Third-party Vendors
Real Estate & Construction Management Services ⁽⁷⁾	\$25,000 to \$30,000	Lump sum	As incurred	Us, Our Affiliate, or a Third-Party Supplier
Construction / Leasehold Improvements ⁽⁸⁾	\$595,000 to \$865,000	As incurred	As incurred	Third-Party Suppliers
Furniture, Fixtures and Equipment ⁽⁹⁾	\$350,000 to \$450,000	As incurred	As incurred	Third-Party Suppliers
Computer System ⁽¹⁰⁾	\$4,000 to \$5,500	As incurred	As incurred	Us, Our Affiliate, and Third-Party Suppliers
Signage ⁽¹¹⁾	\$6,000 to \$8,000	As incurred	As incurred	Third-Party Suppliers
Opening Inventory and Supplies ⁽¹²⁾	\$5,000 to \$8,000	As incurred	As incurred	Third-Party Suppliers
Miscellaneous Opening Costs ⁽¹³⁾	\$20,000 to \$25,000	As incurred	As incurred	Government authorities, utilities, and other third parties

Column 1	Column 2	Column 3	Column 4	Column 5
Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
Additional Funds – 3 Months ⁽¹⁴⁾	\$105,000 to \$110,000	As incurred	As incurred	Employees, Suppliers, Other Third Parties, and Us
TOTAL ESTIMATED INITIAL INVESTMENT (including real estate costs) ⁽¹⁵⁾	\$1,225,500 to \$1,718,500			

- Except for security and utility deposits paid to landlords and utility companies (based on their business practices), no expenditure in the table is refundable.
- Your actual initial investment will depend on your Workspot’s size and location. The “Budget” amount is intended to represent the typical prototype experience for a franchisee where (i) the landlord provides a market-level tenant improvement allowance, and (ii) the facility’s size falls within the middle range of our targeted square footage (approximately 5,000 to 7,000 square feet).

Notes:

1. The initial franchise fee is \$50,000 if you acquire franchise rights for just 1 DAYBASE Workspot. If you acquire development rights for multiple DAYBASE Workspots under a Standard Development Rights Rider, the initial franchise fee for your second and subsequent DAYBASE Workspots will be \$40,000. If you acquire development rights for multiple DAYBASE Workspots under a Launch Market Development Rights Rider, the initial franchise fee for your first Workspot will be \$25,000, the initial franchise fee for your second DAYBASE Workspot developed under the Launch Market Development Rights Rider will be \$20,000, and the initial franchise fee for your third and subsequent DAYBASE Workspots developed under the Launch Market Development Rights Rider will be \$40,000. See Item 5.
2. A standard DAYBASE Workspot occupies approximately 5,000 to 7,000 square feet of leased space. Rent depends on geographic location, size, local rental rates, businesses in the area, site profile, and other factors. Rents vary from market to market and likely will be higher in large metropolitan areas than in suburban markets and smaller metropolitan areas. This estimate includes rent for 3 months. The low estimate assumes that you will be able to negotiate a rent abatement for your initial months of operation. The high estimate assumes that you lease a site in a high-demand area and do not receive any rent abatement. Your landlord likely will require you to pay a security deposit equal to 1 month’s rent or more. Lease negotiations with your landlord and the Workspot’s size and

market area will determine when your lease payments will begin. The initial investment table does not reflect the potential purchase cost of real estate or the costs of constructing a building suitable for the Workspot. If you choose to purchase rather than rent a site for the Workspot, we cannot estimate your expenses, since numerous variables affect the value of a particular piece of real estate.

3. This estimate includes deposits payable to the landlord and any deposits on utilities required to open the Workspot. These amounts will vary based on your location, the terms of your lease, and your negotiations with the landlord.
4. You must obtain and maintain certain types and amounts of insurance coverage. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents, and other factors affecting risk exposure. The estimate contemplates insurance costs for 3 months. You should check with your insurance agent regarding additional insurance you might wish to obtain above our stated minimums.
5. You must spend at least \$20,000 for the Workspot's initial market introduction program described in Item 5. However, we will fund the Workspot's market introduction program for the first 2 Franchise Agreements you sign under a Launch Market Development Rights Rider. In addition, we will waive the market introduction program for an Overflow Workspot.
6. This estimates the cost for your Managing Owner and 3 additional people to attend our required initial training program. (You may send up to 4 people to training.) Although we do not charge tuition, you must pay all attendance costs, which depend on point of origin, method of travel, class of accommodations, and living expenses (food, transportation, etc.). You should consider employee wage requirements and practices in your market area.
7. You must hire (and contract directly with) our designated Project Manager (which may be us, one of our affiliates, or a designated third-party source) to oversee the Workspot's construction and development. This fee includes the cost of project management, site selection, market analysis, lease negotiation, and other real estate-related services that the Project Manager will provide to you. This estimate also includes the Project Manager's actual out-of-pocket expenses from the engagement, which you must reimburse.
8. You must renovate a facility for your Workspot to satisfy our functional and aesthetic/trade dress requirements. This estimate covers both materials and labor. Leasehold improvement costs—which could include floor and window covering, wall treatment, ceilings, painting, electrical, carpentry, plumbing, and similar work, and contractor's fees—depend on the site's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Workspot; and any construction or other allowances the landlord grants. Your costs might be more or less than this estimate based on where you plan to operate your Workspot. This estimate also includes the cost of pre-opening real estate sourcing

and development software. This estimate does not include any landlord contributions toward leasehold improvements.

Within 5 business days of signing a letter of intent with the landlord of an approved Workspot site, you must hire our designated architect and engineer, and an approved general contractor, to design and construct the Workspot. You must pay all related fees and costs directly to the architect, engineer, and general contractor. You may not hire an architect or engineer other than the ones we designate, nor may you hire a general contractor other than the ones we approve.

9. This estimate includes expenses for the furniture, fixtures, and equipment to be used in the Workspot, including desks and task chairs, meeting tables and chairs, café tables and chairs, desk monitors and mounts, pantry equipment (e.g., coffee machine, refrigerator, dishwasher, and water dispenser), restroom fixtures, movable walls and whiteboards, AV systems, concierge desk, high-top tables and stools, sofa, lounge chairs, and coffee tables. The cost of purchasing equipment and certain other items depends on the characteristics of the Workspot's site, price differences among suppliers, and shipping distances from suppliers. The figures include sales taxes and shipping costs.
10. You must obtain the computer hardware and software, point-of-sale system (currently our affiliate's proprietary software, DBTech), dedicated telephone and power lines, modems, printers, 1-3 tablets, 1-3 laptops, smart phones, QR code scanners and other computer-related accessories and peripheral equipment we periodically specify (the "**Computer System**").
11. This estimate includes the cost of outdoor and indoor signage.
12. This estimate includes costs for your initial supplies, including a telephone system, security system, video cameras, cleaning supplies, and other ancillary items used in the operation of the Workspot, as well as supplies and your initial inventory of products which you offer for sale to your customers.
13. This range estimates costs for utility deposits, business licenses and permits, professional fees and other miscellaneous prepaid and opening expenses you may incur in developing the Workspot.
14. This line-item estimates the funds needed to cover your initial expenses during the first 3 months of operation (other than the items identified separately in the table). These expenses do not include any draw or salary for you. However, this is only an estimate, and you might need additional working capital during the first 3 months you operate your Workspot and for a longer timeframe afterward. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Workspot will break even. We cannot guarantee when or if your Workspot will break even. Your costs will depend on whether you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for your services and products; the prevailing wage rate; competition; and your Workspot's revenue during the initial period.

15. We relied on our and our principals' experience in the flexible office/co-working industry to prepare the estimate for additional funds and other estimates in this table. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. Availability and terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

Development Rights Rider

YOUR ESTIMATED INITIAL INVESTMENT

Column 1	Column 2	Column 3	Column 4	Column 5
Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be made
Development Fee ⁽¹⁾	\$55,000 to \$210,000	Lump sum	Upon signing Development Rights Rider	Us
Total Estimated Initial Investment for First Workspot (excluding initial franchise fee)	\$1,205,500 to \$1,668,500	As incurred	As incurred	Us, Our Affiliate, Third-Party Suppliers, Government Agencies
TOTAL ESTIMATED INITIAL INVESTMENT⁽²⁾	\$1,260,500 to \$1,878,500			

Notes:

1. The Development Fee is equal to the sum of the initial franchise fee for your first Workspot (\$50,000 under the Standard Development Rights Rider and \$25,000 under the Launch Development Rights Rider), plus a deposit of 50% of the sum of all initial franchise fees payable for each additional DAYBASE Workspot that you commit to develop under the Standard Development Rights Rider. We expect Development Rights Riders to cover a minimum of 3 DAYBASE Workspots. The above table assumes the Development Rights Rider will cover between 3 and 9 DAYBASE Workspots. We will apply the 50% deposit for each DAYBASE Workspot toward the initial franchise fee owed under the corresponding Franchise Agreement.
2. We relied on our and our principals' experience in the flexible office/co-working industry to prepare the estimate for additional funds and other estimates in this table. You should

review these figures carefully with a business advisor before deciding to acquire development rights. No part of this initial investment is refundable.

Item 8 **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

You must operate the Workspot according to our Brand Standards. Brand Standards may regulate, among other things, types, models, and brands of required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System) for the Workspot (collectively, “**Operating Assets**”); required, authorized, and unauthorized services and products for the Workspot; and designated and approved suppliers of items and services. You must buy or lease all Operating Assets and other products and services for the Workspot only according to our Brand Standards and, if we require, only from suppliers we designate or approve (which may include or be limited to us, our affiliates, and/or other restricted sources) at the prices the suppliers choose to charge.

We and our affiliate currently are the designated (*i.e.*, only) suppliers of DBTech, our affiliate’s proprietary DAYBASE software package. Currently, neither we nor our affiliates are an approved supplier or the only approved supplier of any other product or service that you use or sell at the Workspot. In the future, we may designate us and/or our affiliates as approved suppliers or the only approved supplier for certain additional products and services.

Besides the items and services described above for which we and our affiliate currently are designated or approved suppliers, you currently must use an architect, engineer, and Project Manager (which may be us, one of our affiliates, or a third-party) we designate for the Workspot’s construction and development, and acquire software dedicated to the real estate sourcing and design and construction process, the Workspot’s furniture, fixtures, equipment, general consumables, signage, in-space amenities, cleaning supplies, general contractor services, agent of record services, employer of record services, project management services, and the Computer System only from suppliers we designate or approve. You must also hire a general contractor we approve. One of our officers owns an interest in Canoa Supply, an unaffiliated supplier of furniture to the franchise system. We restrict your sources of items and services in many cases to protect trade secrets and other intellectual property, help assure quality and a reliable supply of products meeting our standards, achieve better purchase and delivery terms, control third-party use of the Marks, and monitor the manufacture, packaging, processing, sale, and delivery of these items.

At least 30 days before using them, you must send us samples or proofs of all marketing materials we have not prepared or already approved and all approved marketing materials that you propose to change in any way. If we do not approve those materials within 30 days after receiving them, they will be deemed disapproved for use. You may not use any marketing materials we have not approved or have disapproved. Upon 30 days’ written notice to you, we may require you to discontinue using any previously approved marketing materials.

The Workspot will be developed at your expense. We will give you construction guidelines and mandatory and suggested specifications and layouts for a DAYBASE Workspot (collectively, “**Plans**”), including requirements or recommendations (as applicable) for

dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. All other decisions regarding the Workspot's development are subject to our review and prior written approval. You must ensure that the Workspot's construction and remodeling plans comply with the Americans with Disabilities Act ("ADA"), zoning regulations, environmental laws and regulations, other applicable ordinances, building codes and permit requirements, and lease requirements and restrictions. You must hire (and contract directly with) our designated Project Manager, our designated general contractor, and our designated architect to prepare the Workspot-specific blueprints and plans based on the Plans ("Adapted Plans") and then to construct the Workspot. You may not hire an architect, engineer, or Project Manager that we have not designated, nor may you hire a general contractor that we have not approved.

We must pre-approve the Adapted Plans before the Workspot's build-out begins and all revised or "as built" plans and specifications prepared during construction and development. Our review is limited to reviewing your compliance with our Plans. Our review is not intended or designed to assess your compliance with applicable laws or lease requirements, which is your responsibility.

You must at your expense construct, install all trade dress (that is, brand-identifying features and visual image of the Workspot) and Operating Assets in, and otherwise develop the Workspot according to our standards, specifications, and directions, including our Brand Standards. The Workspot must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You must place or display at the Workspot (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and materials we periodically approve.

We periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Workspot and/or incur higher operating costs. You must implement any changes in mandatory Brand Standards within the time period we request. However, except for:

- (i) changes in the Computer System;
- (ii) changes in signage and logo (*i.e.*, Workspot exterior and interior graphics);
- (iii) certain changes in connection with a transfer;
- (iv) changes required by the Workspot's lease or applicable law; and
- (v) general Workspot upkeep, repair, and maintenance obligations,

for all of which the timing and amounts are not limited during the franchise term, we will not require you to make any capital modifications: (a) during the first 3 years after the Workspot commences operation; or (b) during the last 2 years of the franchise term, unless the proposed capital modifications during those last 2 years (the amounts for which are not limited) are in connection with Workspot upgrades, remodeling, refurbishing, and similar activities for your acquisition of a successor franchise.

This means that, besides the rights we reserve above in clauses (i) through (v), we may during the 4th through 8th years after the Workspot commences operation (and unrelated to your potential acquisition of a successor franchise) require you substantially to alter the Workspot's appearance, layout, and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then-current requirements and then-current Brand Standards for new DAYBASE Workspots. This could obligate you to make extensive structural changes to, and significantly remodel and renovate, the Workspot and/or to spend substantial amounts for new Operating Assets. You must spend any sums required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining franchise term), provided, however, that we will not require you to spend in the aggregate on any remodeling and renovation project, during the 4th through 8th years after the Workspot commences operation, more than 33% of the initial amount you spent to construct the Workspot. Within 60 days after receiving written notice from us, you must prepare plans according to the standards and specifications we prescribe, using an architect, Project Manager and engineer we designate and a general contractor we approve, and then submit those plans to us for written approval.

We also periodically may require you to participate in certain test programs for new services, products, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs associated with the Workspot. We need not reimburse you for those items. We have not yet started any test programs but will advise you in advance of any required procedures.

You must maintain insurance coverage for the Workspot at your own expense in the amounts, and covering the risks, we periodically specify. We may require some or all of your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the Workspot's state and be rated A- or higher by A.M. Best and Company, Inc. (or satisfy similar criteria we periodically specify). We periodically may increase the required coverage amounts and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and our designated affiliates as additional insureds and give us 30 days' prior written notice of material modification, cancellation, non-renewal, or non-payment. You must send us a valid insurance certificate or duplicate insurance policy showing required coverage and payment of premiums. We may require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the Workspot at your expense if you fail to do so, in which case you must reimburse our costs in a timely fashion.

You currently must have the following minimum insurance coverage: (a) workers' compensation with employers liability limits meeting statutory requirements in your state of operation (minimum of \$1,000,000); (b) Employment Practices Liability (EPLI) with a limit of at least \$1,000,000; (c) General Liability with limits of at least \$1,000,000 each occurrence, \$2,000,000 personal and advertising injury, \$4,000,000 products and completed operation aggregate, and a \$2,000,000 general aggregate; (d) Umbrella covering the general liability, auto,

and employers liability with limits of at least \$5,000,000 for 1 DAYBASE Workspot, \$10,000,000 for at least 5 DAYBASE Workspots, and \$15,000,000 for at least 10 DAYBASE Workspots; (e) Automobile with at least \$1,000,000 combined single limit for hired/non-owned auto; (f) professional liability up to \$1,000,000; and (g) business income and extra expense on an actual loss sustained basis for at least 6 months.

You must participate in, and comply with the requirements of, our gift card and other customer loyalty programs.

Except as described above, there are no goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Workspot that you currently must buy or lease from us (or our affiliates) or designated or approved suppliers. In the future, we may designate other products and services that you must buy only from us, our affiliates, or designated or approved suppliers. To maintain the quality of DAYBASE Workspot services and products and our franchise network's reputation, all Operating Assets and other services and products your Workspot uses or sells (besides those described above that you currently may obtain only from us, our affiliates, and/or approved and designated suppliers) must meet our minimum standards and specifications, which we issue and modify based on our, our affiliates', and our franchisees' experience in operating DAYBASE Workspots. Standards and specifications may impose minimum requirements for production, performance, safety, reputation, prices, quality, design, and appearance. Our Operations Manual, other technical manuals, and written and on-line communications will identify our standards and specifications for you. When appropriate and authorized, you may provide those standards and specifications to suppliers if they agree to maintain confidentiality.

If you want to purchase or lease any Operating Assets or other products or services from a supplier or distributor we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), you must establish to our reasonable satisfaction that the product or service is of equivalent quality and functionality to the product or service it replaces and the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product liability claims. You must pay upon request any actual expenses we incur to determine whether or not the products, services, suppliers, or distributors meet our requirements and specifications. We will decide within a reasonable time (30 to 60 days) and may condition supplier approval on product quality and safety, client references, fulfillment processes and standards, prices, consistency, warranty, reliability, financial capability, customer relations, frequency of delivery, the benefits of concentrating purchases with limited suppliers, standards of service (including prompt attention to complaints), and other criteria. We may inspect the proposed supplier's facilities and require the proposed supplier to send samples directly to us or to a third-party testing service. We may re-inspect a supplier's facilities and products and revoke our approval of any supplier, product, or service no longer meeting our criteria by notifying you and/or the supplier. We do not make our supplier-approval criteria available to franchisees. Despite these procedures, we may limit the number of approved suppliers with which you may deal, designate sources you must use, and refuse your requests for any reason, including because we already have designated an exclusive source (which might be us or our affiliate) for a particular item or service or believe that doing so is in

the DAYBASE Workspot network's best interest. If we approve any supplier or distributor you recommend, we may authorize other DAYBASE Workspots to buy or lease the Operating Assets or other products or services from that supplier or distributor without compensating you.

We and/or our affiliates may derive revenue based on your purchases and leases, including from charging you (at prices exceeding our and their costs) for services and products that we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers we designate, approve, or recommend for some or all DAYBASE Workspot franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes we and our affiliates deem appropriate. While we reserve the right to do so, we and our affiliates currently do not receive any revenue from unaffiliated suppliers based on your purchases and leases.

Collectively, your purchases and leases from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent about 50% of your overall purchases and leases to establish the Workspot and about 5% of your overall purchases and leases to operate the Workspot. Because no franchises were operational during 2020, we and our affiliates did not derive any revenue during 2020 from franchisees' direct purchases or leases or receive any payments from designated and approved suppliers on account of their sales to our franchisees.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor (and not for the benefit of a particular franchisee). We and our affiliates might not obtain the best pricing or most advantageous terms on behalf of DAYBASE Workspots. We and our affiliates also cannot control the performance of suppliers and distributors to DAYBASE Workspots. We are not responsible or liable if a supplier's or distributor's products or services fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Rider does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items. However, you must give us information and materials we request regarding each site at which you propose to operate a DAYBASE Workspot so we can assess and accept that site.

Item 9
FRANCHISEE’S OBLIGATIONS

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

Obligation	Section in Franchise Agreement (“FA”), Standard Development Rights Rider (“Standard DRR”), and Launch Market Development Rights Rider (“Launch DRR”)	Disclosure Document item
a. Site selection and acquisition/lease	FA: Sections 4.B. and 4.C. Standard DRR: Section 6 Launch DRR: Section 6	5, 7, 8, 11, and 12
b. Pre-opening purchases/leases	FA: Sections 4.D., 4.E., 7.D, and 7.E.	5, 7, 8, and 11
c. Site development and other pre-opening requirements	FA: Sections 4.D. and 4.E.	5, 7, 8, and 11
d. Initial and ongoing training	FA: Section 6	6, 7, and 11
e. Opening	FA: Section 4.E. Standard DRR: Section 3 Launch DRR: Section 3	11 and 12
f. Fees	FA: Sections 4.A., 4.B., 5, 6.A., 6.B., 6.C., 6.D., 6.F., 6.G., 7.C., 7.D., 7.E., 10, 13, 15, 16.C., 16.E., 17, 18.C., 18.D., 19.A., 20.E., and 21.C. Standard DRR: Sections 3 and 5 Launch DRR: Section 3 and 5	5, 6, 7, and 8
g. Compliance with standards and policies/operating manual	FA: Sections 6.G. and 7	8 and 11
h. Trademarks and proprietary information	FA: Sections 7.E., 8, 9, 10, and 11	13 and 14
i. Restrictions on products/services offered	FA: Section 7	8, 11, 12, and 16
j. Warranty and customer service requirements	FA: Section 7.C.	Not Applicable
k. Territorial development and sales quotas	FA: Section 16.B.xxiii. Standard DRR: Sections 2, 3, and 6 Launch DRR: Sections 2,3, and 6	11 and 12
l. On-going product/service purchases	FA: Sections 7.C., 7.D., and 7.E.	6 and 8
m. Maintenance, appearance and remodeling requirements	FA: Sections 7.A., 7.C., and 16.C.ii.h.	8, 11, and 17

Obligation	Section in Franchise Agreement (“FA”), Standard Development Rights Rider (“Standard DRR”), and Launch Market Development Rights Rider (“Launch DRR”)	Disclosure Document item
n. Insurance	FA: Section 20.D.	7 and 8
o. Advertising	FA: Section 13	5, 6, 7, 8, and 11
p. Indemnification	FA: Section 20.E.	6
q. Owner’s participation/management/staffing	FA: Sections 3.G., 6, and 7.C.iii.	11 and 15
r. Records and reports	FA: Section 14	6
s. Inspections and audits	FA: Section 15	6
t. Transfer	FA: Section 16 Standard DRR: Section 9 Launch DRR: Section 10	6 and 17
u. Renewal	FA: Section 17	6 and 17
v. Post-termination obligations	FA: Sections 18.C. and 19	6 and 17
w. Non-competition covenants	FA: Sections 12, 16.C.i., 16.ii.c., and 19.E.	15 and 17
x. Dispute resolution	FA: Sections 21.C., 21.F., 21.G., 21.H., 21.I., 21.J., and 21.L.	17

Item 10
FINANCING

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

Item 11
**FRANCHISOR’S ASSISTANCE, ADVERTISING,
COMPUTER SYSTEMS, AND TRAINING**

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

Pre-Opening Assistance

Before you begin operating the Workspot, we will:

1. Provide (or designate a third party to provide) real estate project management and construction project management services for which you must pay a fee. (Franchise Agreement—Section 4.A.)

2. Through our designated Project Manager, recommend potential DAYBASE Workspot sites within a “**Site Selection Area**” for your consideration and also review your proposed DAYBASE Workspot sites within the Site Selection Area. We may condition a visit to and acceptance of a proposed site on your first sending complete site reports and other materials (including photographs and video recordings) we or our designee requests. We will give you our then-current criteria for DAYBASE Workspot sites (including population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help in the site selection process. However, even if we or our designee recommend or give you information regarding a potential site or site criteria, that does not mean we ultimately will accept that site for the Workspot’s location.

We or our designee will use reasonable efforts to review and accept or reject each site you propose within 15 days after receiving all requested information and materials and visiting the proposed site. If the site is not accepted in writing within such 15 days, the site will be deemed rejected. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates’ experience and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for DAYBASE Workspots in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors bearing on a site’s suitability as a location for a DAYBASE Workspot. After we accept (and you secure) a proposed site, we will identify that site as the Workspot’s address in Exhibit A of the Franchise Agreement. We do not own locations for lease to franchisees.

If an acceptable Workspot site is not found and secured within 180 days after the Franchise Agreement’s effective date (or a different date specified in a Development Rights Rider), but subject to any extensions we may grant, then we may terminate the Franchise Agreement upon written notice to you. There is no refund of any initial franchise fee or Development Fee. (Franchise Agreement—Sections 4.B.; Development Rights Rider—Sections 3 and 6)

3. Accept or reject the Workspot’s proposed lease or sublease. We or our Project Manager may negotiate the lease or sublease for you as part of our real estate and construction management services. If we or our Project Manager do not negotiate the lease, you must send us the proposed lease or sublease for our written acceptance at least 15 days before you intend to sign it. The lease or sublease must either (i) include the lease rider attached as Exhibit D to the Franchise Agreement or (ii) include within its body the lease rider’s terms and conditions. You may not sign any lease or sublease we have not accepted in writing. If we do not accept the lease or sublease in writing (if we or our Project Manager did not negotiate it) within 15 days after receiving it, the lease or sublease is deemed rejected. An acceptable Workspot site must be found and secured within the Site Selection Area within 180 days after the Franchise Agreement’s effective date, subject to any extensions we may grant. Otherwise, we may terminate the Franchise Agreement. There is no refund of any initial franchise fee or Development Fee. (Franchise Agreement—Sections 4.B. and 4.C.)

4. Give you template Plans. Our Plans might not reflect the requirements of any federal, state, or local laws, codes, ordinances, or regulations, including those arising under the ADA, or any lease requirements or restrictions. You are solely responsible for complying with all laws and must inform us of any changes to the Workspot’s specifications that you believe are necessary to ensure such compliance. You must use one of our designated architects, engineers and Project Managers.

You must, working with us or our Project Manager, make sure that your Adapted Plans for the Workspot comply with all laws and lease requirements and restrictions. We must pre-approve in writing the Adapted Plans before the Workspot’s build-out begins and all revised or “as built” plans prepared during the Workspot’s construction and development. The Workspot must be developed in compliance with the Adapted Plans. During the Workspot’s build-out, we may physically inspect the Workspot or have you send us pictures and images (including recordings) of the Workspot’s interior and exterior so we can review your development of the Workspot in compliance with our Brand Standards. (Franchise Agreement—Section 4.D.)

5. Supervise (if we so choose) directly or through our Project Manager the Workspot’s construction and development, although the Workspot will be developed at your expense. (Franchise Agreement—Section 4.D.)

6. Provide initial orientation and training to your Managing Owner and up to 3 additional people, which must include your general manager and lead sales representative. We describe this training later in this Item. (Franchise Agreement – Section 6.A.)

7. Identify the Operating Assets, inventory, supplies, and other products and services you must use to develop and operate the Workspot, the minimum standards and specifications you must satisfy, and the designated and approved suppliers from which you must or may buy or lease items and services (which may include or be limited to us and/or our affiliates). (Franchise Agreement – Sections 4.D., 6.G., 7.D., and 7.E.) We and our affiliates currently are not involved in delivering or installing fixtures, equipment, or signs, although we will provide direction for you to comply with our Brand Standards.

8. Send an “opening team” to the Workspot for at least 3 days to help train your supervisory employees on our philosophy and Brand Standards and prepare the Workspot for opening. (Franchise Agreement – Section 6.C.)

9. Give you access to our operations manual and other technical manuals (collectively, the “**Operations Manual**”). The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains Brand Standards and information on your other obligations under the Franchise Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under the Franchise Agreement. If there is a dispute over the Operations Manual’s contents, our master copy controls. The Operations Manual currently contains the equivalent of approximately 263 total pages; its current table of contents is attached as Exhibit D. (Franchise Agreement – Section 6.G.)

10. Consult with you about the type of market introduction program that we believe is most suitable for your Workspot's market and create and implement the program for you. (Franchise Agreement – Section 5.B.)

11. Designate a specific number of DAYBASE Workspots that you (and your Approved Affiliates) must develop and open at accepted locations within your development area and the development deadlines (if we grant you development rights). We will accept your DAYBASE Workspots' proposed locations only if they meet our then-current standards for DAYBASE Workspot sites. (Development Rights Rider – Sections 2, 3, and 6)

Ongoing Assistance

During your Workspot's operation, we will:

1. Advise you or make recommendations regarding the Workspot's operation with respect to standards, specifications, operating procedures, and methods that DAYBASE Workspots use; purchasing required or recommended Operating Assets and other products, services, supplies, and materials; supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Workspot employees); and accounting, advertising, and marketing. We may guide you through our Operations Manual, in bulletins or other written materials, by electronic media, by telephone, and/or at our office or the Workspot. (Franchise Agreement – Section 6.G.)

2. Give you, at your request and expense (and our option), additional or special guidance, assistance, and training. We have no obligation to continue providing any specific ongoing training, conventions, advice, or assistance. (Franchise Agreement – Section 6.G.)

3. Continue to give you access to our Operations Manual. (Franchise Agreement – Section 6.G.)

4. Issue and modify Brand Standards. Changes in Brand Standards may require you to invest additional capital in the Workspot and incur higher operating costs. You must comply with those obligations within the timeframe we specify. Our Franchise Agreement describes certain time limitations on when we may require you to implement capital modifications and certain related cost caps. Brand Standards may regulate (to the extent the law allows) maximum, minimum, or other pricing requirements for services and products the Workspot sells, including requirements for promotions, special offers, and discounts in which some or all DAYBASE Workspots must participate and price advertising policies. (Franchise Agreement – Sections 7.A. and 7.C.)

5. Let you use our Marks. (Franchise Agreement – Section 8)

6. Let you use our confidential information, some of which constitutes trade secrets under applicable law (the “**Confidential Information**”), including our proprietary operating software (Franchise Agreement – Sections 5.C., 7.E., and 9)

7. Maintain a Brand Fund for advertising, marketing, research and development, public relations, social-media management, and customer-relationship management programs and materials we deem appropriate to enhance, promote, and protect the DAYBASE Workspot brand and franchise system. We describe the Brand Fund and other advertising activities below. (Franchise Agreement – Section 13.A.)

8. Periodically inspect and monitor the Workspot’s operation. (Franchise Agreement – Section 15.A.)

9. Periodically offer refresher training courses. (Franchise Agreement – Section 6.D.)

10. Review advertising and promotional materials you want to use. (Franchise Agreement – Sections 13.B.)

11. Directly or through a designated source (including an affiliate) develop, implement, operate, maintain, and improve the Success Center for the benefit of all DAYBASE Workspots. (Franchise Agreement – Sections 5.C.iii.)

12. Provide you with a Franchise Success Manager, who will be available to provide you with ongoing virtual support, including ongoing and supplemental training (Franchise Agreement – Section 5.C.iii.)

13. Provide you with an Enterprise Customer Success Manager, who will provide support to Enterprise Customers on behalf of franchisees (Franchise Agreement – Section 5.C.iii.)

14. Provide you with our Sales Growth Program for the promotion of cross-selling the Workspot Concept to existing and new customers, including Enterprise Customers. (Franchise Agreement – Section 5.C.iv.)

15. As applicable (and as determined by us), pay to you a Franchisee Enterprise Customer Commission, to the extent that you are materially involved in the sale of any Enterprise Customer account (Franchise Agreement – Section 5.C.iv.)

Advertising and Marketing Programs

Market Introduction Program

You must conduct a market introduction program for the Workspot. We expect this program to begin approximately 4 months before and to continue for approximately 3 months after the Workspot opens (although we may specify a different timeframe). We will consult with you about the type of market introduction program that we believe is most suitable for your Workspot’s market and will create and implement the program for you. You must spend at least \$20,000 on the market introduction program, which will include expenditures for our creation and implementation of the market introduction program for you as well as production and media placement. The market introduction program will be implemented according to Brand Standards

and our other requirements. We will spend the amounts earmarked for production and media placement on your behalf in the Workspot's market in compliance with the market introduction program. We will fund the Workspot's market introduction program for the first 2 Franchise Agreements you sign under a Launch Market Development Rights Rider. In addition, we will waive the market introduction program for an Overflow Workspot.

Brand Fund

We have established the Brand Fund to which you must contribute the amounts we periodically specify, not to exceed 3% of your Workspot's monthly Gross Revenue (and 3% as of this Disclosure Document's issuance date). Until the total number of operational franchised DAYBASE Workspots equals the total number of operational company- and affiliate-owned DAYBASE Workspots, the operational company- and affiliate-owned DAYBASE Workspots collectively need only to match each month the total Brand Fund contributions actually made during that month by all operational franchised DAYBASE Workspots. Once the total number of operational franchised DAYBASE Workspots equals the total number of operational company- and affiliate-owned DAYBASE Workspots, each operational company- and affiliate-owned DAYBASE Workspot will contribute to the Brand Fund each month on the same percentage basis as franchisees, provided, however, that no operational company- or affiliate-owned DAYBASE Workspot must contribute to the Brand Fund during any monthly period during the franchise term more than the highest-contributing operational franchised DAYBASE Workspot actually contributed during that month.

We will direct all programs the Brand Fund finances, with sole control over all creative and business aspects of the Brand Fund's activities. The Brand Fund may pay for preparing, producing, and placing video, audio, and written materials, digital marketing, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; implementing and supporting franchisees' local market introduction programs; establishing regional and national promotions and partnerships and hiring spokespersons to promote the DAYBASE Workspot brand; and supporting public relations, market research, and other advertising, promotion, marketing, and brand-related activities. The Brand Fund may advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, as we think best. We and/or an outside regional or national advertising agency will produce all advertising and marketing. The Brand Fund periodically may give you sample advertising, marketing, and promotional formats and materials (collectively, "**Marketing Materials**") at no cost. We may sell you multiple copies of Marketing Materials at our direct production costs, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and will not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative

costs; travel-related expenses of personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive; and any other costs or expenses we incur operating or as a consequence of the Brand Fund. We will not use the Brand Fund specifically to develop materials and programs to solicit franchisees. However, media, materials, and programs prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. Because the Brand Fund has not yet received any contributions, it has no operating history.

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions during that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will have the Brand Fund audited annually, at the Brand Fund's expense, by a certified public accountant we designate within 120 days after our fiscal-year end. We will post the audit on the System Website within 30 days after it is completed or otherwise give you a copy of the audit upon reasonable request. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified here.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of DAYBASE Workspots, and enhance, promote, and protect the DAYBASE Workspot brand and franchise system. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all DAYBASE Workspots, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by DAYBASE Workspots operating in that geographic area or that any DAYBASE Workspot benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. (In other words, the Brand Fund need not spend any specific amount in your market area.) We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of any DAYBASE Workspot franchisee and, upon 30 days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our

respective Brand Fund contributions during the preceding 12 months. (Franchise Agreement – Section 13.B)

Local Community Building

You must spend the following minimum amounts of your Workspot’s projected annual Gross Revenue (based upon your Workspot’s previous 6 months’ performance, except for the first 6 months of the franchise term, for which you and we will agree upon a projection) on approved and designated Marketing Materials and advertising, marketing, and promotional programs targeted at building community awareness and loyalty for the Workspot in your area of protection to fulfill the Community Building Spending Requirement:

- (1) 3% of projected annual Gross Revenue if the Workspot had fewer than 400 Home Members at any time during the immediately preceding 6 months;
- (2) 2% of projected annual Gross Revenue if the Workspot had between 401 and 599 Home Members at any time during the immediately preceding 6 months; or
- (3) 1% of projected annual Gross Revenue if the Workspot had more than 600 Home Members at all times during the immediately preceding 6 months.

You must help us prepare for you a local marketing plan for the Community Building Spending Requirement. We will not count any of the following expenditures towards your Community Building Spending Requirement: Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Community Building Spending Requirement. We may review your books and records, and require you to submit reports periodically, to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Community Building Spending Requirement, we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Brand Fund. Despite anything above, we may require you to pay us the Community Building Spending Requirement, which we will then spend for you in your area of protection for the materials and activities described above. (Franchise Agreement – Section 13.C.)

Approval of Advertising

All advertising, promotion, marketing, and public relations activities you conduct and Marketing Materials must be legal and not misleading and conform to our policies. To protect the goodwill accumulated in the “DAYBASE” name and other Marks, at least 30 days before using them, you must send us samples or proofs of all Marketing Materials that we did not prepare or already approve or that we prepared or approved but you want to change in any way. If we do not approve those Marketing Materials in writing within 30 days after we receive them, they are deemed disapproved for use. You may not use any Marketing Materials we have not

approved or have disapproved. We may upon 30 days' prior written notice require you to stop using any previously-approved Marketing Materials. (Franchise Agreement – Section 13.B.)

Advertising Councils

There currently are no franchisee advertising councils advising us on advertising and marketing policies and programs. We may decide to implement a franchisee advisory council in the future, at which point we will set policies related to such council. We will try to form a council consisting of a geographically diverse group of representatives. If we form a franchisee advisory council, we may appoint members, allow franchisees to elect members, or have a mix of appointed and elected positions. The council may consist of both franchisees and our representatives. Any council will be advisory and will not have any decision-making authority. We will have the right to modify, change, or dissolve any advisory council that we create.

Advertising Cooperatives

There currently are no advertising cooperatives. However, we may designate a geographic area (typically a geographic region within the United States) for an advertising cooperative (a “**Cooperative**”). The Cooperative’s members in any area are the owners of all DAYBASE Workspots located and operating in that area (including us and our affiliates, if applicable). Each member of the Cooperative will contribute at the same rate. Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. The Cooperative will be governed by its bylaws, rules, and regulations, which we have the right to designate or approve if and when we form such Cooperative. We may change, dissolve, and merge Cooperatives. Each Cooperative’s purpose is, with our approval, to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. You automatically will become a member of any existing or new Cooperative formed in your market area and must participate in the Cooperative as its governing documents require. Cooperatives will operate from written governing documents that members may review. We may require you to contribute up to 2% of the Workspot’s monthly Gross Revenue to the Cooperative. DAYBASE Workspots that we and our affiliates own in the Cooperative’s area will contribute at the same rate. All of the Cooperative dues you contribute will count toward the Community Building Spending Requirement but not toward the market introduction program or Brand Fund contributions. The Cooperative will prepare annual, unaudited financial statements you may review. (Franchise Agreement – Section 13.E)

System Website and Electronic Advertising

We or our designees may establish a website or series of websites (with or without restricted access) for the DAYBASE Workspot network: (1) to advertise, market, identify, and promote DAYBASE Workspots, the services and products they offer, and/or the DAYBASE Workspot franchise opportunity; (2) to help us operate the DAYBASE Workspot network; and/or (3) for any other purposes we deem appropriate for DAYBASE Workspots (collectively, the “**System Website**”). The System Website need not give you a separate interior webpage or “micro-site” referencing your Workspot. You must give us the information and materials we request for you to participate in the System Website. We will own all intellectual property and other rights in the System Website and all information it contains. We will control, and may use

the Brand Fund's assets to develop, maintain, operate, update, and market, the System Website. We have final approval rights over all information on the System Website. We may implement and periodically modify Brand Standards for the System Website.

We will allow you to participate in the System Website only while you are in substantial compliance with the Franchise Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under the Franchise Agreement or Brand Standards, we may, in addition to our other remedies, temporarily suspend your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon the Franchise Agreement's expiration or termination.

All Marketing Materials you develop for the Workspot must comply with Brand Standards and contain notices of the System Website's URL in the manner we specify. You may not develop, maintain, or authorize any digital marketing or social media mentioning or describing the Workspot or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such digital marketing and social media. Except for the System Website and approved digital marketing and social media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any digital marketing, social media, or website. We have the right to maintain websites other than the System Website and to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or other obligation to you. (Franchise Agreement – Section 13.E.)

Computer System, Digital Application and Reservation System

You must obtain and exclusively use in the operation of your Workspot the Computer System that we specify. You must use the Computer System to input and maintain all information about your Gross Revenue and operations, including all transactions conducted through the Daybase digital application and reservation system for reserving time within the Workspot (the “**Reservation System**”). You must maintain the Computer System's continuous operation. The Computer System must permit 24-hours-per-day, 7-days-per-week electronic communications between you and us, including access to the Internet and System Website. (Franchise Agreement – Section 7.E) There are no contractual limitations on our right to access the information on the Computer System (unrelated to your labor relations and employment practices) and the content of any Daybase e-mail accounts we provide you.

The Computer System currently includes our affiliate's proprietary software, DBTech, which will be your point-of-sale system. DBTech includes a combination of resources, including our affiliate's proprietary digital discovery and mobile and web-based applications; concierge control panel for bookings and reservations and membership acquisition; accounting; payroll and time management software; issue ticketing; real estate selection; project management; operations management tools; location discovery and resource booking; payment processing; customer relationship management; learning management system; process documentation, authentication and app aggregator; scheduling tools; email; phone systems; SMS capabilities; quality assurance tools; QR check-in/check-out tools; music; network support; system infrastructure; analytics; and

business intelligence and visual management tools. The Computer System generates and stores various information, including revenue, transactions, customer data, other operations information, and marketing efforts and effectiveness. We estimate the computer and point-of-sale systems' cost to range from \$4,000 to \$5,500.

The third parties whose computer-related products you buy have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract or a warranty covers the product. Any costs of ongoing maintenance, repairs, upgrades, and updates for the current computer and point-of-sale systems are included in the Software License Fee (not including any technology refresh required during the franchise term). Because of varying system needs and market conditions, we are unable to estimate the cost of a technology refresh for the Computer System. The Computer System generates and maintains revenue and other financial information. You must upgrade the Computer System, and/or obtain service and support, as we require or when necessary because of technological developments, including complying with PCI Data Security Standards. There are no contractual limitations on the frequency and cost of this obligation. We require you to replace the customer concierge's laptop and all of your tablets used for operations every 3 years. We need not reimburse your costs. You may not use any unapproved computer software or security access codes. We have independent, unlimited access to the information the system generates (and to the content of any DAYBASE Workspot email accounts we provide you), although not to employee- or employment-related information for your Workspot's employees.

We and our affiliates may condition any license to you of required or recommended proprietary software, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent in a click-through license agreement), that we and our affiliates require to regulate your use of the software or technology. In addition to the Software License Fee, we and our affiliates may charge you up-front and ongoing fees for any other required or recommended proprietary software or technology we or our affiliates license to you and for other Computer System maintenance and support services provided during the franchise term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party's computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded; and (4) independently determining what is required for you to comply (and then complying) at all times with the most-current version of the Payment Card Industry Data Security Standards, and with all laws governing the use, disclosure, and protection of Customer Personal Data and the Computer System, and validating compliance with those standards and laws as periodically required. "**Customer Personal Data**" means the names, addresses, telephone numbers, email addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of actual and potential customers of the Franchise System.

During the franchise term, we may make available to you and customers of the DAYBASE Workspot network, including your Workspot, the Reservation System. You must participate in the Reservation System in accordance with the Operations Manual, Brand Standards and the Franchise Agreement. Prices and rates for products and services offered by your Workspot will be published in the Reservation System in accordance with Brand Standards. You must (i) honor any prices, rates or discounts that appear in the Reservation System or elsewhere; (ii) honor all reservations made through the Reservation System or that are confirmed; (iii) not charge any customer a rate higher than the rate specified for the customer's reservation in the Reservation System or, if not made through the Reservation System, in the reservation confirmation. You also must honor all pricing and terms for any other products or services offered in connection with the Workspot, including for regional and national accounts. (Franchise Agreement—Sections 7.E. and 10)

Opening

You must open the Workspot for business within the earlier of 12 months after the date you sign its lease or 6 months after the date that you take possession of the site under the lease (except as otherwise provided in a Development Rights Rider), subject to any extensions we may grant. (You have no right to any extensions if you signed the Franchise Agreement under a Development Rights Rider.) We estimate that the typical length of time between signing a Franchise Agreement and opening your Workspot is approximately 12 months. The estimated time for you to sign a lease is 3 months after you sign the Franchise Agreement. After the lease is signed, it is expected to take approximately 9 months to complete and open the Workspot. Your opening timetable depends on the Workspot's condition and upgrading and remodeling requirements; the construction schedule; obtaining licenses; the delivery schedule for Operating Assets and supplies; attending and completing training; and complying with local laws and regulations.

You may not open the Workspot for business until: (1) we or our designee inspects and approves in writing the Workspot as having been developed in compliance with our specifications and standards; (2) your Managing Owner, general manager and lead sales representative complete to our satisfaction the initial orientation and training programs; (3) the Workspot has sufficient trained employees to manage and operate the Workspot on a day-to-day basis in compliance with our Brand Standards; (4) the Workspot's employees complete all required third-party certifications for the Workspot's lawful operation; (5) you have satisfied all state and federal permitting, licensing, and other legal requirements and sent us copies of any all permits, licenses, and insurance policies required under the Franchise Agreement; (6) you have paid all amounts owed to, and are not in default under any agreement with, us, our affiliates, and principal suppliers; and (7) you have met all other opening requirements specified in our Operations Manual. (Franchise Agreement—Sections 4.D. and 4.E.)

Training

Initial Orientation and Training Programs

If this is your first DAYBASE Workspot, your Managing Owner must attend an initial orientation session on the DAYBASE Workspot franchise system at our principal business

address (or virtually or at another designated location) before you sign a lease for the Workspot's site. The initial orientation session will be a minimum of 3 days, but we reserve the right to extend it if we determine such an extension is necessary. We will also provide without additional charge, at a designated training location of our choice (which may be our corporate headquarters, an operating DAYBASE Workspot, and/or your Workspot) and/or through video and other electronic means, an initial training program on operating a DAYBASE Workspot for your Manager Owner and up to 3 additional people, which should include your general manager, lead sales representative, and customer concierge. At least 3 people, including your Managing Owner, general manager and lead sales representative must complete our initial training program to our satisfaction before opening the Workspot for business (although up to 4 people may attend at no additional charge). The Workspot always must have on staff at least a general manager and lead sales representative who have completed the initial training program to our satisfaction. We will conduct the initial training program at our designated training location and/or through video and other electronic means. We expect the initial training program (which currently is approximately 5 days long) to occur after you sign the Franchise Agreement and while you develop the Workspot. We expect to provide the initial training program once per quarter but as a new franchisor, we plan to be flexible in scheduling training to accommodate our personnel and your managers and other personnel. We use in-person instruction, manuals, digital materials, printed materials, tests and assessments, and other training aids during the training program. Your training attendees must complete training at least 30 days before the Workspot's scheduled opening date.

We provide the initial orientation for your Managing Owner and the initial training program for your Managing Owner and up to 3 other people for no additional fee. We may charge our then-current training fee for each person (in excess of 4) that you send to initial training (not to exceed \$5,000 per person). You must pay your employees' wages, benefits, and travel, hotel, and food expenses while they attend training. Our training program may include a "train the trainer" module so your senior-level personnel can learn how to train your other employees in our Brand Standards.

If your Managing Owner, general manager or lead sales representative cancel participation in any training class for which they pre-register and pay us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than 2 weeks before the class or program is scheduled to begin, we will apply 1/2 of the training fee as a credit toward the fees due for a future training class or program that your general manager or lead sales representative attend. However, if participation is cancelled 2 weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees. If your Managing Owner, general manager or lead sales representative cancels participation in any training class that is part of the initial training we provide for no additional fee after granting you the franchise, you must pay us a cancellation fee. The cancellation fee is 1/2 of our then-applicable training fee per person if the person cancels more than 2 weeks before the class or program is scheduled to begin and 100% of our then-applicable training fee per person if the person cancels 2 weeks or less before the class or program is scheduled to begin.

The following chart describes our current initial training program, which we may modify for the particular trainees:

TRAINING PROGRAM

Column 1	Column 2		Column 3
Subject	Hours of Training		Location
Subject	Classroom	On-the-job	Location
Location Development	10	—	New York, New York (or virtually or at another designated location)
Location Level Operation	12	—	New York, New York (or virtually or at another designated location)
Sales	4	—	New York, New York (or virtually or at another designated location)
Marketing	4	—	New York, New York (or virtually or at another designated location)
Community Engagement	2	—	New York, New York (or virtually or at another designated location)
Total	32	0	

Parker Lieberman, our Head of Hospitality, will supervise franchisee training. Parker has over 7 years of experience in the flexible office/co-working industry, with a focus on creating and administering training systems around new operational, business development, and revenue growth strategies. Parker has been with us since our inception in May 2021.

We will send an “opening team” to the Workspot for at least 3 days (typically starting before and continuing after opening) to help train your supervisory employees on our philosophy and Brand Standards and prepare the Workspot for opening. We will pay our opening team’s wages and travel, hotel, and living expenses. If you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our personnel’s daily charges (including wages) and travel, hotel, and living expenses. We may delay the Workspot’s opening until all required training has been satisfactorily completed.

Retraining

If your Managing Owner, general manager or lead sales representative fails to complete initial training to our satisfaction, or we determine after an inspection that retraining is necessary because the Workspot is not operating according to Brand Standards, that individual may attend a retraining session for which we may charge our then-current training fee (currently \$5,000). You must pay all employee compensation and expenses during retraining. We may terminate the Franchise Agreement if the Workspot does not commence operation by the opening deadline with a fully-trained staff.

You may request additional or repeat training for your Managing Owner, general manager and lead sales representative at the end of the initial training program if they do not feel sufficiently trained to operate the Workspot. We and you will jointly determine the duration of any additional training, which is subject to our personnel's availability. You must pay our then-current training fee for additional or repeat training (currently \$5,000). However, if you do not expressly inform us that your Managing Owner, general manager and lead sales representative do not feel sufficiently trained to operate the Workspot, they will be deemed to have been trained sufficiently to operate the Workspot.

Training for Workspot Employees

You must properly train all Workspot employees to perform the tasks for their respective positions. We may develop and make available training tools and recommendations for you to use in training the Workspot's employees to comply with Brand Standards. We may update these training materials to reflect changes in our training methods and procedures and changes in Brand Standards.

We may periodically and without prior notice review the Workspot's performance to determine if the Workspot meets our Brand Standards. If we determine that the Workspot is not operating according to Brand Standards, we may, in addition to our other rights under the Franchise Agreement, recommend that you retrain one or more Workspot employees.

Ongoing and Supplemental Training

We may require your Workspot's management level personnel (including your Managing Owner, general managers, assistant managers, lead sales representative, and customer concierge) to attend and complete satisfactorily various training courses and programs that we or third parties periodically offer during the franchise term at the times and locations we designate. You must pay their compensation and expenses during training. We may charge our then-current fee for continuing and advanced training (currently \$5,000). If you request training courses or programs to be provided locally, then subject to our training personnel's availability, you must pay our then-current training fee (currently \$5,000) and our training personnel's travel, hotel, and living expenses.

Besides attending and/or participating in various training courses and programs, at least 1 of your representatives (an Owner or another designated representative we approve) must at our request attend an annual meeting of all DAYBASE Workspot franchisees at a location we

designate. You must pay all costs to attend. You must pay any meeting fee we charge (currently \$500) even if your representative does not attend (whether or not we excuse that non-attendance).

Item 12 **TERRITORY**

Franchise Agreement

You will operate the Workspot at a specific location that we first must accept. If the Workspot's address is unknown when the Franchise Agreement is signed, an acceptable site must be found and secured within 180 days afterward. In that case, we will identify in the Franchise Agreement an exclusive Site Selection Area in which a suitable site must be found. We may terminate the Franchise Agreement if we do not accept, and you do not secure, the Workspot's site within 180 days (subject to any permitted extensions). You may operate the Workspot only at that site and may not relocate without our prior written consent, which we may grant or deny as we deem best. Whether or not we will allow relocation depends on circumstances at the time and what is in the Workspot's and our system's best interests. Factors include, for example, the new site's market area, its proximity to other DAYBASE Workspots in our system, whether you comply with your Franchise Agreement, and how long it will take you to open at the new site. We may grant relocation in the following situations: (a) a DAYBASE Workspot is underperforming through no fault of the DAYBASE Workspot franchisee, the DAYBASE Workspot franchisee receives approval for a new site from us, and the DAYBASE Workspot franchisee subsequently secures the new site (although the DAYBASE Workspot must be continuously operated and available to existing and future customers with no disruption in service); (b) an existing and well-performing DAYBASE Workspot's lease term and extension rights have been exhausted and lease negotiations with the landlord would not provide favorable financial outcomes; or (c) an existing and well-performing DAYBASE Workspot is no longer safe, secure, or available due to circumstances outside of the DAYBASE Workspot franchisee's control (e.g., force majeure, sale of the property by the landlord, etc.).

Conditions for relocation approval are (1) the new site and its lease are acceptable to us; (2) you pay us a reasonable relocation fee (as set forth in the Operations Manual); (3) you reimburse any costs we incur during the relocation process; (4) you confirm that your original Franchise Agreement remains in effect and governs the Workspot's operation at the new site with no change in the franchise term or, at our option, you sign our then-current form of Franchise Agreement to govern the Workspot's operation at the new site for a new franchise term, (5) you sign a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) you continue operating the Workspot at its original site until we authorize its closure, and (7) you de-brand and de-identify the Workspot's former premises within the timeframe we specify and at your own expense so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

You will receive an “**Area of Protection**” around your Workspot. We will identify and describe the Area of Protection in the Franchise Agreement before you sign it unless the

Workspot's site has not yet been found and secured. In that case, we will define the Area of Protection after the site has been found and secured within the Site Selection Area. Your Area of Protection may be as small as a few blocks or as large as an entire county. The size of your Area of Protection will depend on various market characteristics such as demographics, traffic flow, boundaries (both man-made and natural), location of competing businesses, neighborhoods covered and population density. We will determine the Area of Protection's precise contours based on geographical boundaries. In densely populated urban environments, we will determine the Area of Protection's contours based on city blocks. In less densely populated areas including rural and suburban environments, we will determine the Area of Protection's contours based on boundaries such as streets, neighborhoods, cities, counties, or zip codes. We may modify the Area of Protection during the franchise term only if the Workspot relocates. During the franchise term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another DAYBASE Workspot operating at traditional locations within the Area of Protection (except for Overflow Workspots, as defined below, subject to your right of first refusal). Continuation of your franchise and exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency.

We and our affiliates retain all rights with respect to the Workspot Concept, the DAYBASE Workspots, the Marks, the Franchise System, the sale of similar or dissimilar services and products, and any other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Area of Protection. Those rights include the following:

(1) to own and operate, and to allow other franchisees and licensees to own and operate, DAYBASE Workspots (whether or not operating the Workspot Concept) at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;

(2) to own and operate, and to allow other franchisees and licensees to own and operate, DAYBASE Workspots (whether or not operating the Workspot Concept) at any non-traditional location within or outside the Area of Protection, including at military bases or facilities; facilities offering overnight accommodations, including hotels, motels, inns, lodges, and resorts; hospitals; schools and academic campuses; mass transportation vehicles, including airplanes, trains, buses, ferries and ships; travel facilities, including airports, train stations, bus terminals, highway travel plazas, and port facilities; sports facilities and entertainment facilities, and at related events, including arenas, amphitheatres, theme parks, amusement parks, zoos, and concert venues; government facilities; and shopping malls.

(3) to own and operate, and to allow other franchisees and licensees to own and operate, at any locations inside the Area of Protection and on any terms and conditions we and they deem appropriate, DAYBASE Workspots not operating the Workspot Concept;

(4) to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by DAYBASE Workspots, whether identified by the Marks or other trademarks or service marks,

through any distribution channels (including the Internet) but not through DAYBASE Workspots that have their physical locations inside the Area of Protection;

(5) to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar services and products under trademarks and service marks other than the Marks;

(6) to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at DAYBASE Workspots (even if such a business operates, franchises, or licenses “Competitive Businesses”), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;

(7) to be acquired (through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at DAYBASE Workspots, or by another business, even if such a business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection;

(8) to establish, operate and engage in, and to allow others to establish, operate and engage in, business and activities under the Marks and aspects of the Franchise System, on the Internet, social media platforms, digital and mobile applications, and in connection with other technologies, including e-commerce platforms and channels, even if such activities are Competitive Businesses, wherever such business or activities are located or operated, including within the Area of Protection.

(9) to engage in and sell, and to allow others to engage in and sell, products and services to regional and national account customers of the DAYBASE Workspot network, wherever such customers are located, including within and outside the Area of Protection;

(10) to establish and operate, or allow another franchisee or licensee to establish and operate, an Overflow Workspot (as defined below) within the Area of Protection (subject to your right of first refusal); and

(11) to engage in all other activities the Franchise Agreement does not expressly prohibit.

We and our affiliates need not compensate you if we engage in these activities.

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 your Workspot achieves an average of 80% occupancy on a weekly basis for 4 consecutive quarters, you will have a right of first refusal to develop an additional DAYBASE Workspot within your Area of Protection (an “**Overflow Workspot**”). To exercise your right of

first refusal for an Overflow Workspot, you must notify us, within 30 days following written notice from us that you are eligible to open an Overflow Workspot (the “**Overflow Notice**”), that you intend to develop an Overflow Workspot. You must sign our then-current form of Franchise Agreement within 60 days of the Overflow Notice, provided that we will provide a 50% discount on the then-current initial franchise fee and waive your requirement to participate in the market introduction program. If you elect not to pursue such opportunity or if you fail to (1) timely notify us of your intent to open an Overflow Workspot; (2) timely execute our then-current form of Franchise Agreement; (3) sign a lease for the Overflow Workspot within 3 months after you receive the Overflow Notice; or (4) open the Overflow Workspot within 6 months after you receive the Overflow Notice, we will have the right to open and operate (or allow another franchisee or licensee to open and operate) an Overflow Workspot within the Area of Protection.

Although we have the right to do so (as described above), we and our affiliates have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

There are no restrictions on your soliciting and accepting customers from outside your Area of Protection or otherwise competing with other DAYBASE Workspots which are now, or in the future may be, located outside your Area of Protection. Your right to operate a DAYBASE Workspot is limited to services provided and products sold at the Workspot’s physical location; it does not include the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to make sales (as opposed to advertising and marketing). We and our affiliates may use other channels of distribution, such as the Internet, catalog sales, telemarketing, and other direct marketing, to solicit and make sales to customers in your Area of Protection using the Marks and other trademarks without compensating you.

You may not develop, maintain, or authorize any digital marketing or social media mentioning or describing the Workspot or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards. Except for our System Website and approved digital marketing and social media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any digital marketing, social media, or website.

We may grant you the right to develop additional DAYBASE Workspots, which you must operate under our then-current Franchise Agreement, if your existing DAYBASE Workspot is well-performing or if your existing DAYBASE Workspot is well-performing and at or above capacity consistently.

Development Rights Rider

You may (if you qualify) develop and operate a number of DAYBASE Workspots within a specific development area (the “**Development Area**”). We and you will identify the Development Area in the Development Rights Rider before signing it. The Development Area typically is defined by Metropolitan Statistical Areas (MSAs), by city, county, state, or other political boundaries, or by geographic boundaries. We base the Development Area’s size

primarily on the number of DAYBASE Workspots you agree to develop, demographics, the number of distinct trade areas, and site availability. We will determine the number of DAYBASE Workspots you must develop, and the deadlines for signing their Franchise Agreements and leases and then opening them, to keep your development rights. We and you then will complete the development schedule in the Development Rights Rider before signing it. You may not develop or operate DAYBASE Workspots outside the Development Area. While the Development Rights Rider is in effect, we (and our affiliates) will not establish and operate or grant others the right to establish and operate DAYBASE Workspots having their physical locations within the Development Area, except that we may establish and operate or grant others the right to establish and operate DAYBASE Workspots having their physical locations within the Development Area at military bases or facilities; facilities offering overnight accommodations, including hotels, motels, inns, lodges, and resorts; hospitals; schools; mass transportation vehicles, including airplanes, trains, buses, ferries and ships; travel facilities, including airports, train stations, bus terminals, highway travel plazas, and port facilities; sports facilities and entertainment facilities, and at related events, including stadia, arenas, amphitheatres, theme parks, amusement parks, zoos, concert venues, and drive-ins and theaters; government facilities; and shopping malls. This means that while the Development Rights Rider is in effect, you have exclusive rights in the Development Area to physical locations for the DAYBASE Workspots operating at traditional locations under the Marks. This is the only restriction on our (and our affiliates') activities within the Development Area during the development term.

We may terminate the Development Rights Rider if you do not satisfy your development obligations. Otherwise, continuation of your territorial exclusivity does not depend on your achieving a certain sales volume, market penetration, or other contingency. We will accept proposed locations for your additional DAYBASE Workspots only if they meet our then-current standards for DAYBASE Workspot sites.

Despite the Development Rights Rider's development schedule, we may delay your development and/or opening of additional DAYBASE Workspots within the Development Area if we believe, when you apply for another DAYBASE Workspot, or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular DAYBASE Workspot, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional DAYBASE Workspot in full compliance with our standards and specifications. We may delay additional development and/or a DAYBASE Workspot's opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

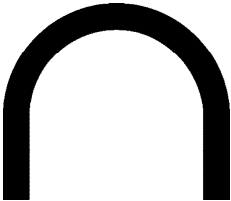

We may not alter your Development Area during the Development Rights Rider term. Although we have the right to do so, we and our affiliates have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark.

After the Development Rights Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a)

establish and operate, and grant to others the right to establish and operate, DAYBASE Workspots that have their physical locations within the Development Area, and (b) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within the Development Area.

Item 13
TRADEMARKS

You may use certain Marks in operating your DAYBASE Workspot. There are pending trademark applications based on intent to use that have been filed on the Principal Register of the United States Patent and Trademark Office (“USPTO”) for the Trademarks listed below, which are owned by Daybase, Inc. and licensed to us:

Trademark	Application Number	Date of Filing
DAYBASE	90390117	12/17/2020
	90801185	June 29, 2021
	90801181	June 29, 2021

Because we do not have a federal registration for the Marks listed above, these Marks do not have as many legal benefits and rights as a federally registered trademark. If our right to use any of these Marks is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Daybase, Inc. will file when due, all required affidavits for its Marks. Daybase, Inc. licenses us to use these Marks and related intellectual property, and to authorize franchisees to use them in operating DAYBASE Workspots, under a Trademark License Agreement effective August 5, 2021 (the “**License Agreement**”). The License Agreement’s term is perpetual. We may terminate the License Agreement at any time. Daybase, Inc. may terminate the License Agreement immediately if we breach the License Agreement and fail to cure the breach within 15 calendar days after receiving written notice from Daybase, Inc. When the License Agreement terminates, we must stop using and sublicensing the Marks and related intellectual property. However, any DAYBASE Workspot franchisee that has been authorized to use the Marks in its

franchise may continue using the Marks until that franchisee's Franchise Agreement, and any permitted successor Franchise Agreement, expires or is terminated, but only if the franchisee continues to comply with its obligations in the Franchise Agreement and any permitted successor Franchise Agreement during their remaining terms. No other agreement limits our right to use or sublicense any Mark (whether we own them or Daybase, Inc. licenses them for use in operating DAYBASE Workspots).

There are no currently-effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must follow our rules and Brand Standards when using the Marks, including giving proper notices of trademark and service mark registration and obtaining any required fictitious or assumed-name registrations. You may not use any Mark as part of your corporate or legal business name; with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you); in selling any unauthorized products or services; in connection with any digital marketing or in any user name, screen name, or profile associated with any social media sites; or in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the Workspot or an ownership interest in you without our prior written consent. You may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you must comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or replace supplies for the Workspot), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

You must notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and Daybase, Inc., our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and Daybase, Inc. may take the action we or it deems appropriate (including no action) and control exclusively any litigation, USPTO proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions that we and our, and Daybase Inc.'s, attorneys deem necessary or advisable to protect and maintain our and Daybase, Inc.'s interests in any litigation, USPTO or other proceeding, or enforcement action or otherwise to protect and maintain our and Daybase, Inc.'s interests in the Marks.

We will reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark, provided your use has been consistent with the Franchise Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we and/or our affiliates may defend and control the defense of any proceeding arising from or relating to your use of any Mark.

The Development Rights Rider does not grant you the right to use the Marks. These rights arise only under signed Franchise Agreements with us.

Item 14

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or patent applications are material to the franchise. We and our affiliates claim copyrights in the Operations Manual (containing our trade secrets and Confidential Information), DAYBASE Workspot blueprints and other design features, signage, Marketing Materials, software, our System Website, and similar items used in operating DAYBASE Workspots. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Workspot (and must stop using them at our direction). Our right to use many of the copyrighted materials described above and much of the Confidential Information described below arises from the same License Agreement described earlier.

There currently are no effective adverse material determinations of the USPTO, the United States Copyright Office, or any court regarding the copyrighted materials. Except for our agreement with Daybase, Inc., no agreement limits our right to use or allow others to use copyrighted materials.

We do not actually know of any infringing uses of our or Daybase Inc.'s copyrights that could materially affect your using them in any state. We and Daybase, Inc. need not protect or defend copyrights, although we intend to do so if in the system's best interests. We and Daybase, Inc. may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We and Daybase, Inc. need not participate in your defense of and/or indemnify you for damages or expenses incurred in a copyright proceeding.

Our Operations Manual and other materials contain our and our affiliates' Confidential Information (some of which are trade secrets under applicable law). Confidential Information includes the information contained in the Operations Manual and our Brand Standards; layouts, designs, and other Plans for DAYBASE Workspots; methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating DAYBASE Workspots; marketing research and promotional, marketing, and advertising programs for DAYBASE Workspots; strategic plans, including expansion strategies and targeted demographics; knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that DAYBASE Workspots use and sell; knowledge of operating results and financial performance of DAYBASE Workspots other than your Workspot; customer solicitation, communication, and retention programs, along with data and information used or generated in

connection with those programs, and all customer relationships; and data and information generated by, or used or developed in, operating your Workspot, including Customer Personal Data, and any other information contained in the Computer System, DBTech, the Reservation System or that visitors (including you) provide to the System Website and mobile and digital applications.

You must comply with all laws governing the use, protection, and disclosure of Customer Personal Data. If there is a data security incident at the Workspot, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Customer Personal Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the data security incident in order to protect Customer Personal Data and the DAYBASE Workspot brand (including giving us or our designee direct access to your Computer System, whether remotely or at the Workspot). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts. If we determine that any data security incident results from your failure to comply with the Franchise Agreement or any requirements for protecting the Computer System and Customer Personal Data, you must indemnify us and compensate us for all other damages we incur as a result of your breach of the Franchise Agreement.

You may not use Confidential Information in an unauthorized manner. You must not use any Confidential Information in another business or capacity and must, at all times, keep Confidential Information absolutely confidential, both during and after the franchise term (afterward for as long as the information is not generally known in the flexible office/co-working industry). You must not make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form. You must adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Workspot personnel and others needing to know the Confidential Information in order to operate the Workspot and using confidentiality and non-disclosure agreements with those having access to Confidential Information. We may pre-approve your non-disclosure agreements solely to ensure that you adequately protect Confidential Information and the competitiveness of DAYBASE Workspots. Under no circumstances will we control the forms or terms of employment agreements you use with Workspot employees or otherwise be responsible for your labor relations or employment practices. You must not sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Customer Personal Data or related information or data), except during the franchise term using methods we have approved.

You must promptly disclose to us all ideas, concepts, techniques, or materials relating to a DAYBASE Workspot, whether or not protectable intellectual property and whether created by or for you or your Owners, employees, or contractors (“**Innovations**”). Innovations belong to and are works made-for-hire for us. If any Innovation does not qualify as a “work made-for-hire” for us, you assign ownership of and all related rights to that Innovation to us and must sign (and cause your Owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual

property rights in the Innovation. You may not use any Innovation in operating the Workspot without our prior written approval.

The Development Rights Rider does not grant you rights to use any intellectual property. These rights arise only under signed Franchise Agreements with us.

Item 15
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION
OF THE FRANCHISE BUSINESS**

Brand Standards may require adequate staffing levels for the Workspot to operate in compliance with Brand Standards and address appearance of Workspot personnel and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Workspot employees are exclusively under your control at the Workspot. You must communicate clearly with Workspot employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of DAYBASE Workspots, and our affiliates are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Workspot employees that you (and not we or our affiliates) are their employer.

If you are an Entity, you must designate one of your individual Owners to serve as your “**Managing Owner**” upon signing the Franchise Agreement. The Managing Owner must have at least 5% ownership interest in you. At all times during the franchise term, there must be a Managing Owner that meets our qualifications and any other standards we periodically set forth in the Operations Manual or otherwise communicate to you. We must approve the proposed Managing Owner in writing before the Franchise Agreement’s effective date. We also have the right to approve or disapprove any proposed change in the Managing Owner. The Managing Owner is responsible for managing your business. The Managing Owner will communicate with us directly regarding Workspot-related matters (excluding matters relating to labor relations and employment practices) and must have sufficient authority to make decisions for you and the Workspot. The Managing Owner’s decisions will be final and bind you. The Managing Owner must attend a 3-day initial orientation session on the DAYBASE Workspot franchise system at our principal business address (or another location we designate) before you sign a lease for the Workspot’s site.

The Workspot always must have on staff at least 1 fully-trained general manager (the “**Base Manager**”), 3 assistant managers (each, a “**Base Lead**”), and 1 cleaning crew member (the “**Base Porter**”). The general manager, Base Leads, and Base Porter need not have an equity interest in you or the Workspot. Workspot managers and your officers and directors must sign confidentiality and other agreements (including non-compete agreements) we pre-approve. Our right to pre-approve your forms is solely to protect Confidential Information and the competitiveness of DAYBASE Workspots. Under no circumstances will we control the forms or

terms of employment agreements you use with Workspot employees or otherwise be responsible for your labor relations or employment practices.

If you propose to change the Managing Owner, you must seek a new individual (the “**Replacement Managing Owner**”) for that role and appoint the Replacement Managing Owner within 30 days after the former Managing Owner’s last day. The Replacement Managing Owner must attend our initial orientation session within 30 days after we approve the individual.

Each person or Entity having a direct or indirect ownership interest in you generally must personally guarantee all your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “**Guaranty and Assumption of Obligations**” is Exhibit B-1 of the Franchise Agreement. We may waive this requirement for certain equity Owners who own less than a 5% ownership interest (direct or indirect) in you. In that case, we may still require those Owners to commit to comply with certain non-monetary contractual obligations, including confidentiality and non-disclosure, and sign the form of “**Limited Guaranty and Assumption of Obligations**” attached as Exhibit B-2 of the Franchise Agreement.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Workspot must offer for sale all services and products that we periodically specify. The Workspot may not offer, sell, or otherwise distribute at the Workspot’s premises or another location any services or products that we have not authorized. There are no limits on our right to modify the services and products that your Workspot must or may offer and sell. Brand Standards may regulate (to the extent the law allows) maximum, minimum, or other pricing requirements for services and products the Workspot sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all DAYBASE Workspots must participate and price advertising policies. There are no limits on the customers to whom your Workspot may sell goods and services at its premises.

Item 17

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
a. Length of the franchise term	3.B. of FA; 7 of Standard DRR; 8 of Launch DRR	<p>FA: 10 years from first day on which Workspot opens to the public for business.</p> <p>Standard DRR and Launch DRR: Expire on the date when you (or your Approved Affiliate) open for business the final DAYBASE Workspot to be developed under the development schedule, but no later than a date specified by us (which will depend on your development obligations).</p>
b. Renewal or extension of the term	17 of FA	<p>FA: If you are in good standing, you may acquire successor franchise for 10 years on our then-current terms.</p> <p>Standard DRR and Launch DRR: No renewal or extension.</p>
c. Requirements for franchisee to renew or extend	17 of FA	<p>You timely request business review; substantially complied with contractual obligations and operated Workspot in substantial compliance with Brand Standards; remodel/upgrade Workspot; sign then-current form of Franchise Agreement and releases (if applicable state law allows); and pay successor franchise fee. Terms of our new Franchise Agreement that you sign for successor franchise may differ materially from any and all terms contained in Franchise Agreement attached to this Disclosure Document (including higher fees) but the Area of Protection will the remain the same.</p>
d. Termination by franchisee	18.A. of FA; 7(e) of Launch DRR	<p>FA: If we breach Franchise Agreement and do not cure default within applicable cure period after notice from you; you may not terminate without cause.</p> <p>Launch DRR: During the 30-day period between the 5th and 6th months that the Workspot operating under the first Franchise Agreement (the "First Workspot") is open to the public and operating, you may exercise an Opt-Out Right. Upon written notice to us, you will have the right to sell, and cause us or our designee to purchase, all of the assets of the First Workspot and all other DAYBASE Workspots that have been established and are operating under the Launch DRR as of the date that you exercise the Opt-Out Right. During the 30-day period following our receipt of</p>

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
		notice of your exercise of the Opt-Out Right, you (and, if applicable, your Approved Affiliates) must sign our standard form of Daybase Management Agreement (" Management Agreement ") and ensure the transition of operations to us or our designee of all DAYBASE Workspots that will be operated under the Management Agreement (the " Managed Daybases "). The Management Agreement will provide for our, or our designee's, assumption of the exclusive management and control of the day-to-day operation of the Managed Daybases in exchange for a management fee equal to 10 % of Gross Revenue per month. The Management Agreement will have a term of 6 months. Prior to the expiration of the term of the Management Agreement, we or our designee will purchase the Managed Daybases. The purchase price will be subject to a working capital and other customary adjustments.
e. Termination by franchisor without cause	18.B. of FA	We may not terminate your Franchise Agreement (or development rights) without cause.
f. Termination by franchisor with cause	18.B. of FA; 8 of Standard DRR; 9 of Launch DRR	We may terminate your Franchise Agreement (and development rights) only if you or your Owners commit one of several violations.
g. "Cause" defined — curable defaults	18.B. of FA	You have 5 days to cure monetary, reporting and insurance defaults; 5 days to cure any default under any note, lease, or other agreement that we deem material to the Workspot's operation or ownership; 10 days to satisfy unpaid judgments of at least \$25,000; 30 days to pay suppliers and to cure other defaults not listed in (h) below; 60 days to vacate attachment, seizure, or levy of Workspot or appointment of receiver, trustee, or liquidator; and time allowed by law to cure violations of material law.
h. "Cause" defined — non-curable defaults	18.B. of FA; 8 of Standard DRR; 9 of Launch DRR	FA: Non-curable defaults include: material misrepresentation or omission; failure to find and secure acceptable site by deadline; failure to develop and open Workspot (with fully-trained staff) by deadline; abandonment or failure to operate for more than 3 consecutive days; unapproved transfer; felony conviction or guilty plea; dishonest, unethical, or

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
		<p>immoral conduct adversely impacting our Marks; foreclosure on Workspot's assets; misuse of confidential information; violation of non-compete; violation of any material law; material underreporting of Gross Revenue; failure to pay taxes due; repeated defaults; assignment for benefit of creditors or admission of inability to pay debts when due; violation of anti-terrorism laws; losing right to Workspot premises; failing to achieve the Minimum Performance Standards; or causing or contributing to a data security incident or failure to comply with requirements to protect Customer Personal Data.</p> <p>Standard DRR and Launch DRR: We may terminate Development Rights Rider if you do not meet development schedule or other obligations; if Franchise Agreement or another agreement between us and you (or your affiliated entity) is terminated by us for cause or by you for any or no reason; or we have delivered formal written notice of default to you (or your affiliated entity) under Franchise Agreement or another agreement and that default is not cured within the required timeframe. Termination of the Development Rights Rider is not a termination of any franchise rights.</p>
i. Franchisee's obligations on termination / nonrenewal	19 of FA	Obligations include paying outstanding amounts (plus, if applicable, liquidated damages); complete de-identification; returning confidential information; returning or destroying (at our option and at your own cost) branded materials and proprietary items; assigning telephone and telecopy numbers and directory listings; and assigning or cancelling any website or other online presence or electronic media associating you with us or the Marks (also see (o) and (r) below); we may control de-identification process if you do not voluntarily take required action; we may assume Workspot's management while deciding whether to buy Workspot's assets.
j. Assignment of contract by franchisor	16.A. of FA	No restriction on our right to assign; we may assign without your approval.

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
k. "Transfer" by franchisee — defined	16.B. of FA	Includes transfer of (i) ownership interest in you or the right to receive all or a portion of the profits, losses, or capital appreciation relating to the Workspot; (ii) merger, consolidation or exchange of ownership interests or issuance of additional interests in your; (iii) sale or exchange of voting interest or securities convertible to voting interests, or any management or other agreement granting the right to exercise or control the exercise of any Owner's voting rights to control you or the Workspot; (iv) transfer in a divorce, insolvency, entity dissolution proceeding, or by will, trust or under laws of intestate succession; or (v) pledge of the Franchise Agreement or of an ownership interest in you.
l. Franchisor approval of transfer by franchisee	16.B. of FA; 9 of Standard DRR; 10 of Launch DRR	We must approve all transfers; no transfer without our prior written consent. Your development rights under Development Rights Rider generally are not assignable.
m. Conditions for franchisor approval of transfer	16.C. of Franchise Agreement	We will approve transfer of non-controlling ownership interest in you if transferee (and each Owner) qualifies and meets our then-applicable standards for non-controlling Owners, is not (and has no affiliate) in a competitive business, signs our then-current form of Guaranty, and pays transfer fee. We will approve transfer of franchise rights or controlling ownership interest if transferee (and each Owner) qualifies (including, if transferee is an existing franchisee, transferee is in substantial operational compliance under all other Franchise Agreements for DAYBASE Workspots) and is not restricted by another agreement from moving forward with the transfer; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; transferee and its owners and affiliates are not in a competitive business; training completed; transfer fee paid; transferee may occupy Workspot's site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current form of

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
		Franchise Agreement and other documents for unexpired portion of your original franchise term (then-current form may have materially different terms except that your original Royalty, Software License Fee, and Brand Fund contribution levels and the definition of Area of Protection will remain the same for unexpired portion of your original franchise term); transferee agrees to repair and upgrade; you (and transferring owners) sign general release (if applicable state law allows); we determine that sales terms and financing will not adversely affect Workspot's operation post-transfer; you subordinate amounts due to you; you and your transferring owners (and members of their immediate families) agree to comply with post-term non-compete obligations; and you stop using Marks and our other intellectual property (also see (r) below).
n. Franchisor's right of first refusal to acquire franchisee's business	16.G. of FA	We may match any offer for your Workspot or ownership interest in you or entity that controls you.
o. Franchisor's option to purchase franchisee's business	19.F. of FA	We may buy Workspot's assets at fair market value and take over site after Franchise Agreement is terminated or expires (without renewal).
p. Death or disability of franchisee	16.E. of FA	Must transfer to approved party within 6 months; we may operate Workspot in interim if it is not then managed properly.
q. Non-competition covenants during the term of the franchise	12 of FA	No owning interest in, performing services for, or loaning money or guaranteeing loan to Competitive Business, wherever located or operating; no diverting or attempting to divert business to Competitive Business. " Competitive Business " means any (a) business providing workspaces, short-term office space, co-working and/or flexible office space, and/or conferencing or private space for the workforce, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a).

Provision	Section in Franchise Agreement ("FA"), Standard Development Rights Rider ("Standard DRR"), and Launch Market Development Rights Rider ("Launch DRR")	Summary
r. Non-competition covenants after the franchise is terminated or expires	19.E. of FA	For 2 years after franchise term, no owning interest in or performing services for Competitive Business located or operating at Workspot's site, within 30 miles of Workspot's site, or within 30 miles of another DAYBASE Workspot (same restrictions apply after transfer).
s. Modification of the agreement	21.K. of FA	No modifications generally, but we may change Operations Manual and Brand Standards.
t. Integration/merger clause	21.M. of FA	Only terms of Franchise Agreement and other documents you sign with us are binding (subject to state law). Any representations or promises outside of this Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	21.F. of FA	We and you must arbitrate all disputes within 10 miles of where we have our principal business address when the arbitration demand is filed (it currently is in New York, New York) (subject to state law).
v. Choice of forum	21.H. of FA	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we, as franchisor, have our principal business address when the action is commenced (it currently is in New York, New York) (subject to state law).
w. Choice of law	21.G. of FA	Except for Federal Arbitration Act and other federal law, New York law applies to all claims (subject to state law).

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 Document. Financial performance information that differs from that included in Item 19 may be

given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Daybase Franchising, LLC, Attn: Doug Chambers at 335 Madison Avenue, 3rd Floor, New York, New York 10017, (646) 567-8773, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
OUTLETS AND FRANCHISEE INFORMATION

All figures in the tables below are as of December 31 of each year. The “Company-Owned” outlets referenced in tables 1 and 4 below are owned by one or more of our affiliates.

Table No. 1

Systemwide Outlet Summary
For years 2018 to 2020

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
Total Outlets	2018	0	0	0
	2019	0	0	0
	2020	0	0	0

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018 to 2020**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
All States	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Table No. 3

**Status of Franchised Outlets
For years 2018 to 2020**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
All States	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0

Table No. 4

**Status of Company-Owned Outlets
For years 2018 to 2020**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
All States	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
Totals	2018	0	0	0	0	0	0
	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0

Table No. 5

Projected Openings as of December 31, 2020

Column 1 State	Column 2 Franchise Agreements Signed But Outlets Not Opened	Column 3 Projected New Franchised Outlets In the Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In the Next Fiscal Year
New York	0	0	0
New Jersey	0	0	1
Total	0	0	0

Our franchisees as of this Disclosure Document's issuance date are identified on Exhibit I. There were no franchisees that had DAYBASE Workspots terminated, canceled, or not renewed, or that otherwise voluntarily or involuntarily ceased doing business under our Franchise Agreement or Development Rights Rider, during our last fiscal year or that have not communicated with us 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.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system.

We plan to form a Franchise Advisory Council (“**FAC**”) in 2022 to serve as a sounding board for new ideas and initiatives and to provide feedback to us on issues of concern and priorities. We expect the FAC to have both elected and appointed representatives. The FAC will serve only an advisory role; it will not have authority to establish or modify policies for the DAYBASE Workspot franchise system. There are no other trademark-specific franchisee organizations associated with the DAYBASE Workspot franchise system.

Item 21 **FINANCIAL STATEMENTS**

We are a start-up franchisor formed on May 6, 2021. Exhibit A contains our audited opening balance sheet as of July 13, 2021. Because we have not been in existence for at least 3 years, we do not have available and cannot yet include in this Disclosure Document 3 full years of audited financial statements.

Item 22 **CONTRACTS**

The following contracts/documents are exhibits:

1. Franchise Agreement (Exhibit B)
2. Standard Development Rights Rider to Franchise Agreement (Exhibit C-1)
3. Launch Market Development Rights Rider to Franchise Agreement (Exhibit C-2)
4. Franchisee Representations Document (Exhibit F)
5. Form of General Release (Exhibit G)
6. State-Specific Agreement Riders (Exhibit H)

Item 23 **RECEIPTS**

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this Disclosure Document.

EXHIBIT A
FINANCIAL STATEMENTS

DAYBASE FRANCHISING LLC
(A Limited Liability Company)

BALANCE SHEET

JULY 13, 2021

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
JULY 13, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Member
Daybase Franchising LLC

We have audited the accompanying balance sheet of Daybase Franchising LLC (a limited liability company) (the "Company") as of July 13, 2021, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the balance sheet referred to above presents fairly, in all material respects, the financial position of Daybase Franchising LLC as of July 13, 2021, in accordance with accounting principles generally accepted in the United States of America.

COVID-19 - Uncertainty

As discussed in Note 7 to the financial statement, the World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.



CERTIFIED PUBLIC ACCOUNTANTS

New York, New York
August 13, 2021

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
BALANCE SHEET
JULY 13, 2021

ASSETS

Cash	\$ <u>250,000</u>
TOTAL ASSETS	\$ <u><u>250,000</u></u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	\$ -
Commitments and contingencies (Notes 5, 6 and 7)	
Member's equity	<u>250,000</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ <u><u>250,000</u></u>

See accompanying notes to financial statement.

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
JULY 13, 2021

NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS

Daybase Franchising LLC (the "Company"), a wholly-owned subsidiary of Daybase, Inc. (the "Parent" or the "Licensor"), was formed on May 6, 2021, as a Delaware limited liability company to sell franchises pursuant to a non-exclusive license agreement dated August 5, 2021, between the Company and the Licensor. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "Daybase" name and system that offers, to its customers in the United States, on-demand workspots and meeting facilities to individuals who work remotely some or all of the time and to enterprises which have distributed teams. The Company has not had significant operations from inception through July 13, 2021.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statement has been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of estimates

The preparation of the Company's balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statement does not include a provision or liability for federal or state income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at July 13, 2021.

The Parent will file income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
JULY 13, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition

The Company will elect to adopt FASB Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02") (see Note 4).

The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise fee revenue, royalty revenue, transfer fees and brand fund revenue. No such franchise agreements have been executed as of the date this financial statement was available to be issued.

Franchise fees and royalties

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, multi-unit agreement fees ("MUAs"), sales-based royalties, sales-based brand fund fees, sales-based success center fees, sales-based sales fees, sales-based enterprise customer fees, software license fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company expects to also enter into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company intends to collect an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectable when the underlying franchise agreement or MUA is signed by the franchisee. Sales-based royalties, sales-based brand fund fees, sales-based success center fees, sales-based sales fees, sales-based enterprise customer fees and software license fees are payable on a monthly basis. Renewal and transfer fees are due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of activities relating to opening a franchise unit. Those services include site selection, training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under ASU 2021-02 will be recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are expected to be highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which is satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
JULY 13, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Franchise fees and royalties (continued)

The Company will estimate the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific will be recognized when those performance obligations are satisfied. Consideration allocated to pre-opening activities included under ASU 2021-02 will be recognized when those performance obligations are satisfied.

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights will be deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement will be recognized as revenue in the same manner as the initial and renewal franchise fees. Initial and renewal franchise fees related to the MUAs will be recorded as contract liabilities at their contract transaction price.

Royalties will be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property will be recognized as franchisee sales occur and the royalty is deemed collectible.

Brand fund

The Company will maintain a brand fund which will be established to collect and administer funds contributed for use in advertising and promotional programs for franchise units. Brand fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the brand fund and therefore will recognize the revenues and expenses related to the brand fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the brand fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the brand fund represent sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur.

When brand fund fees exceed the related brand fund expenses in a reporting period, advertising costs will be accrued up to the amount of brand fund revenues recognized.

Other revenues

The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
JULY 13, 2021

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue and cost recognition (continued)

Incremental costs of obtaining a contract

The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortizes them over the term of the franchise agreement and MUAs. In the case of costs paid related to MUAs for which no signed franchise agreement has been received, these costs will be deferred until the signed franchise agreement is received.

Recently issued but not yet effective accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheet and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statement and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through August 13, 2021, the date on which this financial statement was available to be issued. Except as disclosed in Note 5, there were no material subsequent events that required recognition or additional disclosure in this financial statement.

NOTE 3. CONCENTRATIONS OF CREDIT RISK

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. Management believes that this policy will limit the Company's exposure to credit risk.

NOTE 4. RECENTLY ISSUED ACCOUNTING STANDARDS

Revenue from contracts with customers

In January 2021, FASB issued ASU 2021-02, which permits franchisors, that are not public business entities, to elect a practical expedient to account for pre-opening services provided to its franchisees as distinct from the franchise license if the pre-opening services are consistent with those included in ASU 2021-02. This accounting policy election would recognize, when satisfied, all those pre-opening services as a single performance obligation. This standard is effective in interim and annual periods beginning after December 15, 2020, with early adoption permitted. As mentioned in Note 2, the Company will elect to adopt this ASU upon commencement of its revenue-generating activities.

DAYBASE FRANCHISING LLC
(A Limited Liability Company)
NOTES TO FINANCIAL STATEMENT
JULY 13, 2021

NOTE 5. RELATED-PARTY TRANSACTIONS

License agreement

On August 5, 2021, the Company entered into a perpetual non-exclusive license agreement with the Licensor for the use of the registered name "Daybase" (the "license agreement"). Pursuant to the license agreement, the Company acquired the right to sell "Daybase" franchises, and the right to earn franchise fees, royalties and other fees from franchisees. In accordance with the license agreement, the Company will be required to pay the Licensor a license fee based on a percentage of the Company's revenue resulting from the use or exploitation of the Licensed Property, as defined. The Licensor will not license the trademarks and/or confidential information to any third parties for the purpose of operating a competing franchise system.

NOTE 6. BRAND FUND FEE

Brand fund

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect brand fund fees up to 3% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees with a portion designated to offset the Company's administrative costs to administer the funds, all at the discretion of the Company. There have been no contributions to the brand fund as of the date this financial statement was available to be issued.

Cooperative fund

Pursuant to the structured form of the franchising arrangement, the Company also has reserved the right to designate any geographical area in which franchisees are operating for purposes of establishing a regional advertising cooperative ("Cooperative"). If the Cooperative is established, franchisees will contribute up to 2% of their monthly gross revenue as further defined in the franchise agreement to the Cooperative. As of July 13 2021, the Company has not yet established the Cooperative.

NOTE 7. CORONAVIRUS (COVID-19) PANDEMIC

During 2020, the World Health Organization declared COVID-19 to constitute a "Public Health Emergency of International Concern." Disruptions to the Company's business operations could occur as a result of quarantines of future employees, franchisees and customers that could be materially and adversely affected by the outbreak. Given the uncertainty of this situation, the duration of the business disruption and related financial impact cannot be reasonably estimated at this time.

EXHIBIT B

FRANCHISE AGREEMENT

DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

FRANCHISEE NAME

DAYBASE ADDRESS

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EXHIBITS

Exhibit A – Basic Terms

Exhibit B – 1 Guaranty and Assumption of Obligations

Exhibit B – 2 Limited Guaranty and Assumption of Obligations

Exhibit C – Franchisee and Its Owners

Exhibit D – Lease Rider

Exhibit E – Sample Form of Confidentiality Agreement

DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

This Franchise Agreement (this “**Agreement**”) is made by and between **DAYBASE FRANCHISING, LLC**, a Delaware limited liability company whose principal business address is _____ (“**we**,” “**us**,” or “**our**”), and _____, a(n) _____ (“**you**” or “**your**”), and is effective as of the date set forth below our signature at the end of this Agreement (the “**Effective Date**”).

1. Preambles

We and certain of our affiliates have created, designed, and developed a Workspot concept identified by the Marks (defined below) and using the Franchise System that currently provides, following a proprietary format, a convenient, flexible and personal productivity environment available to customers on-demand (the “**Workspot Concept**”). We and such affiliates currently use, promote, and license certain trademarks, service marks, and other commercial symbols for the Workspot Concept, including *DAYBASE*[™], and from time to time we and our affiliates may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the “**Marks**”). One of our affiliates owns the Marks, the Confidential Information (defined in Section 9 below), and all aspects of the Franchise System and licenses that intellectual property to us for use in our franchise program for a workspot operating the Workspot Concept (“**DAYBASE**”).

We offer and grant franchises to establish a DAYBASE operating the Workspot Concept and using the DAYBASE business system, business formats, methods, procedures, designs, modular, pre-fabricated components, layouts, digital location management and operations platform and professional training, trade dress, standards, specifications, and Marks, all of which we and our affiliates periodically may improve, further develop, and otherwise modify (collectively, the “**Franchise System**”).

You have applied for a franchise to operate a DAYBASE, and we are willing to grant you the franchise to so on the terms and conditions contained in this Agreement.

2. Acknowledgments

You acknowledge that:

- i. You independently investigated the DAYBASE franchise opportunity and recognize that, like any other business, the nature of the DAYBASE business may, and probably will, evolve and change over time.
- ii. Investing in a DAYBASE involves business risks that could result in your losing a significant portion or all of your investment.
- iii. We have not made, and you have not relied on, any express or implied guaranty or representation as to the extent to which we and our affiliates will continue developing and expanding the DAYBASE network.

- iv. Your business abilities and efforts are vital to your success.
- v. Attracting customers for your DAYBASE will require consistent marketing efforts in your community, including through approved media advertising, direct mail and on-line advertising, and approved social media marketing and networking, and the display and use of Franchise System promotional materials.
- vi. Retaining customers for your DAYBASE will require you to maintain the premises, provide a high-level of customer service, and adhere strictly to the Franchise System and our Brand Standards (defined in Section 6.G below and categorized in Section 7.C below).
- vii. You are committed to maintaining our Brand Standards.
- viii. Other than for disclosures in our Franchise Disclosure Document, you have not received from us or our affiliates and are not relying upon any representations or guarantees, express or implied, of a DAYBASE's potential volume, revenue, income, or profits.
- ix. In their dealings with you, our officers, directors, employees, consultants, lawyers, and agents act only in a representative, and not in an individual, capacity, and business dealings between you and them as a result of this Agreement are deemed to be only between you and us.
- x. You have represented to us, to induce our signing this Agreement, that all application and qualification materials you gave us are accurate and complete, and you made no misrepresentations or material omissions to obtain the franchise.
- xi. You read this Agreement and our Franchise Disclosure Document and understand and accept that this Agreement's terms and covenants are reasonably necessary for us to maintain our high product quality and service standards (and the uniformity of those standards at each DAYBASE) and to protect and preserve the goodwill of the Marks.
- xii. We have not made any representation, warranty, or other claim regarding this DAYBASE franchise opportunity other than those made in this Agreement and our Franchise Disclosure Document, and you independently evaluated this opportunity (including by using your own business professionals and advisors) and relied solely upon those evaluations in deciding to sign this Agreement.
- xiii. You had an opportunity to ask questions and to review materials of interest to you concerning the DAYBASE franchise opportunity.
- xiv. You had an opportunity, and we encouraged you, to have an attorney or other professional advisor review this Agreement and all other materials we gave or made available to you.

3. Grant of Franchise

A. Grant of Franchise

Subject to this Agreement's terms, we grant you the right, and you commit, to operate a single DAYBASE at the address identified on Exhibit A (the "**Workspot**") using the Franchise System and the Marks. If the Workspot's address is unknown as of the Effective Date, the address will be determined as provided in Section 4.B and then listed on an amended and restated Exhibit A that we will give you. Your right to operate the Workspot is limited to services provided and products sold at the Workspot's physical location and does not include the right to distribute services and products over the Internet or to engage in other supply or distribution channels.

B. Term

The franchise term (the "**Term**") begins on the Effective Date and expires ten (10) years from the first day on which the Workspot opens to the public for business. The Term is subject to earlier termination under Section 18. You agree to operate the Workspot in compliance with this Agreement for the entire Term unless this Agreement is terminated under Section 18.

C. Territorial Rights

During the Term, we and our affiliates will not own or operate, or allow another franchisee or licensee to own or operate, another DAYBASE operating the Workspot Concept that has its physical location within the geographical area described on Exhibit A (the "**Area of Protection**"). We may modify the Area of Protection only as provided in Exhibit A. If the Workspot's address is unknown as of the Effective Date, we will describe the Area of Protection on an amended and restated Exhibit A that we will send you after we accept the Workspot's site as provided in Section 4.B.

D. Reservation of Rights

Except for your Area of Protection described in Section 3.C above, we and our affiliates retain all rights with respect to the Workspot Concept, Workspots, the Marks, the Franchise System, the sale of similar or dissimilar services and products, and any other activities we and they deem appropriate, whenever and wherever we and they desire, whether inside or outside the Area of Protection without compensation or other consideration to you. Specifically, but without limitation, we and our affiliates reserve the following rights:

- i. to own and operate, and to allow other franchisees and licensees to own and operate, DAYBASEs (whether or not operating the Workspot Concept) at any locations outside the Area of Protection (including at the boundary of the Area of Protection) and on any terms and conditions we and they deem appropriate;
- ii. to own and operate, and to allow other franchisees and licensees to own and operate, DAYBASEs (whether or not operating the Workspot

Concept) at any non-traditional location within or outside the Area of Protection, including, without limitation, at military bases or facilities; facilities offering overnight accommodations, including hotels, motels, inns, lodges, and resorts; hospitals; schools and academic campuses; mass transportation vehicles, including airplanes, trains, buses, ferries, and ships; travel facilities, including airports, train stations, bus terminals, highway travel plazas, and port facilities; sports facilities and entertainment facilities, and at related events, including arenas, amphitheaters, theme parks, amusement parks, zoos, and concert venues; government facilities; and shopping malls;

- iii. to own and operate, and to allow other franchisees and licensees to own and operate, at any locations inside the Area of Protection and on any terms and conditions we and they deem appropriate, DAYBASEs not operating the Workspot Concept;
- iv. to offer and sell, and to allow others to offer and sell, inside and outside the Area of Protection, and on any terms and conditions we and they deem appropriate, services and products that are identical or similar to and/or competitive with those offered and sold by DAYBASEs, whether identified by the Marks or other trademarks or service marks, through any distribution channels (including the Internet) but not through DAYBASEs operating the Workspot Concept that have their physical locations inside the Area of Protection;
- v. to establish and operate, and to allow others to establish and operate, anywhere (including inside or outside the Area of Protection) businesses offering similar services and products under trademarks and service marks other than the Marks;
- vi. to acquire the assets or ownership interests of one or more businesses offering and selling services and products similar to those offered and sold at DAYBASEs (even if such a business operates, franchises, or licenses Competitive Businesses (defined in Section 12 below)), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating, including within the Area of Protection;
- vii. to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling services and products similar to those offered and sold at DAYBASEs, or by another business, even if such a business operates, franchises, or licenses Competitive Businesses inside or outside the Area of Protection; and

- viii. to establish, operate and engage in, and to allow others to establish, operate and engage in, business and activities using the Marks and aspects of the Franchise System, on the Internet, social media platforms, digital and mobile applications, and in connection with other technologies including, without limitation, e-commerce platforms and channels, even if such activities are Competitive Businesses, wherever such business or activities are located or operating, including within the Area of Protection.
- ix. to engage in and sell, and to allow others to engage in and sell, products and services to regional and national account customers of the DAYBASE network of Workspots, wherever such customers are located, including within and outside the Area of Protection;
- x. to establish and operate, or allow another franchisee or licensee to establish and operate, an Overflow Workspot (defined below in Section 3.E.) within the Area of Protection (subject to your rights under Section 3.E.); and
- xi. to engage in all other activities this Agreement does not expressly prohibit.

E. Franchisee's Right of First Refusal

If your Workspot achieves an average of eighty percent (80%) occupancy on a weekly basis for four (4) consecutive quarters, you will have a right of first refusal to develop an additional DAYBASE within your Area of Protection (an “**Overflow Workspot**”). To exercise your right of first refusal for an Overflow Workspot, you must notify us, within thirty (30) days following written notice from us that you are eligible to open an Overflow Workspot (the “**Overflow Notice**”), that you intend to develop an Overflow Workspot. You must sign our then-current form of franchise agreement within sixty (60) days of the Overflow Notice, provided that we will provide a fifty percent (50%) discount on the then-current initial franchise fee and waive your requirement to participate in the market introduction program. If you elect not to pursue such opportunity or if you fail to: (i) timely notify us of your intent to open an Overflow Workspot; (ii) timely execute our then-current form of franchise agreement; (iii) sign a lease for the Overflow Workspot within three (3) months after you receive the Overflow Notice; or (4) open the Overflow Workspot within six (6) months after you receive the Overflow Notice, we will have the right to open and operate (or allow another franchisee or licensee to open and operate) an Overflow Workspot within the Area of Protection.

F. Guaranty

The Guarantors must fully guarantee all of your financial and other obligations to us under this Agreement or otherwise arising from our franchise relationship with you, and agree personally to comply with this Agreement's terms, by executing the form of Guaranty and Assumption of Obligations attached as Exhibit B-1. “**Guarantors**” means each individual or Entity having an ownership interest (direct or indirect) in you. Each owner's name and his, her, or its percentage ownership interest (direct or indirect) in you are set forth in Exhibit C. Subject to our rights and your obligations in Section 16, you must notify us of any change in the

information in Exhibit C within ten (10) days after the change occurs. Without limitation of the foregoing, we may permit Guarantors who own less than a five percent (5%) ownership interest (direct or indirect) in you to sign the form of Limited Guaranty and Assumption of Obligations attached as Exhibit B-2.

G. Your Form and Structure

As a corporation, limited liability company, or general, limited, or limited liability partnership (each, an “**Entity**”), you agree and represent that:

- i. You have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements and are duly organized or formed and validly exist in good standing under the laws of the state of your incorporation or formation;
- ii. Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in you, and all certificates and other documents representing ownership interests in you will, at our request, bear a legend (the wording of which we may prescribe) referring to this Agreement’s restrictions;
- iii. Your organizational documents, operating agreement, or partnership agreement, as applicable, will, at our request, contain a provision requiring any dissenting or non-voting interest-holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;
- iv. Exhibit C to this Agreement completely and accurately describes all of your owners and their interests (direct or indirect) in you as of the Effective Date; and
- v. You may not use any Mark (in whole or in part) in, or as part of, your legal business name or email address or use any name that is the same as or similar to, or an acronym or abbreviation of, the DAYBASE name (although you may register the “assumed name” or “doing business as” name “DAYBASE” in the jurisdictions where you are formed and qualify to do business).

H. Managing Owner

Upon signing this Agreement, you must designate one of your individual owners to serve as your managing owner (the “**Managing Owner**”). At all times during the Term, there must be a Managing Owner meeting the following qualifications and any other standards we set forth from time to time in the Operations Manual or otherwise communicate to you:

- i. We must approve the proposed Managing Owner in writing before the Effective Date. We have the right, as we deem best, to approve or disapprove the proposed Managing Owner or any proposed change in the individual designated as the Managing Owner.
- ii. The Managing Owner is responsible for managing your business. The Managing Owner must have sufficient authority to make decisions on your behalf that are essential to the Workspot's effective and efficient operation. The Managing Owner must communicate directly with us regarding any Workspot-related matters (excluding matters relating to labor relations and employment practices). Your Managing Owner's decisions will be final and binding on you, we may rely solely on the Managing Owner's decisions without discussing the matter with another party, and we will not be liable for actions we take based on your Managing Owner's decisions or actions. The Managing Owner must have at least five percent (5%) ownership interest in you.
- iii. If you want or need to change the individual designated as the Managing Owner, you must seek a new individual (the "**Replacement Managing Owner**") for that role in order to protect our brand. You must appoint the Replacement Managing Owner within thirty (30) days after the former Managing Owner no longer occupies that position. We must approve in writing the Replacement Managing Owner. The Replacement Managing Owner must attend our initial orientation session on the Franchise System within thirty (30) days after we approve the individual. You are responsible for the Replacement Managing Owner's compensation and TRE during the orientation session. As used in this Agreement, "**TRE**" means travel-related expenses of our or your personnel, as applicable. In the case of our personnel, TRE includes coach or economy airfare, local transportation (including airport transfers), accommodations in a facility subject to our approval, meals, and a daily allowance upon which we and you agree for reasonable miscellaneous expenses.

4. Development Services, Site Selection, Lease and Developing the Workspot

A. Project Manager; Architect, Engineer, and General Contractor

You must hire and contract directly with a Project Manager (which may be one of our representatives or affiliates, or a third-party) that we designate to provide various real estate and construction management consulting services related to site selection, lease review, and the Workspot development tasks described in Sections 4.B, C, and D below. You must pay the Project Manager its current fee for services (currently, Twenty Thousand Dollars (\$20,000)) when you sign its agreement, which you must do within three (3) business days of the Effective Date of this Agreement. You must also reimburse the Project Manager for its actual out-of-pocket expenses incurred in providing services to you, including TRE approved by you in advance.

Within five (5) business days of signing an LOI (defined below) you also must hire our designated architect and engineer, and a general contractor approved by us, to design and construct the Workspot. You must pay all related fees and costs directly to the architect, engineer, and general contractor. You may not hire an architect, engineer, or Project Manager that we have not designated, nor may you hire a general contractor that we have not approved. We will not, by virtue of designating the Project Manager, architect and engineer, nor approving the general contractor, be responsible for delays in designing, constructing, equipping, or decorating the Workspot or for any loss or damage to you or any third party resulting from the Workspot's design or construction.

B. Site Selection and Acceptance

If the Workspot's address is unknown as of the Effective Date, this Section 4.B will govern the site selection and acceptance process. Within one-hundred-eighty (180) days after the Effective Date, but subject to the potential extensions described below in Section 4.C (except as otherwise provided in a Development Rights Rider to which you or your affiliate and we are parties, which always will supersede the deadlines specified in this Section 4.B), you must obtain our written acceptance of, and secure, a site within the exclusive geographical area described in Exhibit A (the "**Site Selection Area**") at which to establish and operate the Workspot. The timeframe during which the Workspot's site must be located, accepted, and secured with a fully executed Lease within the Site Selection Area (the "**Site Selection Period**") will expire upon the earliest of (i) our acceptance of the Workspot's site and Lease (defined below) and giving you an amended and restated Exhibit A, (ii) this Agreement's termination, or (iii) one hundred eighty (180) days after the Effective Date (unless, as noted above, a different date is specified in a Development Rights Rider).

We will give you our current criteria for Workspot sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help in the site selection process. We may recommend sites for your Workspot for your consideration. You must submit to us for review all potential Workspot sites that you identify within the Site Selection Area. We or your Project Manager will visit the Site Selection Area to review potential Workspot sites that you have identified. We may condition a proposed visit to and acceptance of a proposed site on your first sending us or your Project Manager complete site reports and other materials (including, without limitation, photographs and video recordings) we or they request. However, even if we recommend or give you information regarding a potential site or site criteria, you acknowledge that we have made, and will make, no representations or warranties of any kind, express or implied, about the site's suitability for a DAYBASE or for any other purpose.

You must submit all requested information when you propose a Workspot site for approval. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience, and based on the factors outlined above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for DAYBASEs in the past. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you prefer is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a

location for a DAYBASE. We will use reasonable efforts to review and accept or reject each site you propose within fifteen (15) days after we receive all requested information and materials and we or your Project Manager has visited the proposed site. If the site is not accepted in writing within such fifteen (15) days, the site will be deemed rejected.

You must evaluate and ultimately select one of the Workspot sites we have approved. Our recommendation or acceptance of a site indicates only that we believe the site is not inconsistent with sites that we regard as favorable or that otherwise have been successful sites for DAYBASEs in the past. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or excluded from our criteria could change, altering a site's potential. The uncertainty and instability of these criteria are beyond our control, and we are not responsible if the particular site we approve and that you select fails to meet your expectations. As noted above, subject to the potential extensions described below in Section 4.C (which are not available if you signed this Agreement pursuant to a Development Rights Rider), if an acceptable Workspot site is not found and secured with a fully executed Lease within one-hundred-eighty (180) days after the Effective Date, then we may terminate this Agreement upon written notice to you.

You may not relocate the Workspot to a new site without our prior written consent. We may condition relocation approval on (1) the new site and its lease being acceptable to us, (2) your paying us a reasonable relocation fee (as set forth in the Operations Manual), (3) your reimbursing any costs we incur during the relocation process, (4) your confirming that this Agreement remains in effect and governs the Workspot's operation at the new site with no change in the Term or, at our option, your signing our then-current form of franchise agreement to govern the Workspot's operation at the new site for a new franchise term, (5) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) your continuing to operate the Workspot at its original site until we authorize its closure, and (7) your taking, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Workspot's former premises so it no longer is associated in any manner (in our opinion) with the Franchise System and the Marks.

C. Lease Negotiation and Acceptance

You must obtain a mutually executed letter of intent (“**LOI**”) with the landlord of an approved Workspot site and retain a lawyer to review the Lease on your behalf within one hundred twenty (120) days of the Effective Date. We or your Project Manager may assist you in the negotiation of the lease or sublease (and any renewals and amendments of the lease or sublease) (collectively, the “**Lease**”) that will govern your occupancy and lawful possession of the Workspot's site. You must send us the proposed Lease for our written acceptance, which we will not unreasonably withhold, at least fifteen (15) days before you intend to sign it. The Lease must either (i) include the Lease Rider attached to this Agreement as Exhibit D or (ii) provide within its body the terms and conditions found in the Lease Rider. You may not sign any Lease we have not accepted in writing. If we do not accept the proposed Lease in writing within fifteen (15) days after we receive a complete copy, the Lease will be deemed rejected. You acknowledge that neither our or your Project Manager's negotiation nor our written acceptance of the Lease is a guarantee or warranty, express or implied, of the Workspot's success or

profitability, or of the Lease's suitability for your purposes. Such negotiation or acceptance indicates only that we believe the site and the Lease terms adequately protect our interests and/or the interests of other franchisees in the DAYBASE system, to the extent those interests are implicated in the Lease.

You must have a signed Lease by the end of the Site Selection Period. However, if you cannot sign a Lease by the end of the Site Selection Period despite your diligent efforts to do so, you may request (at no cost to you) two separate thirty (30)-day extensions to sign the Lease, which requests we will not unreasonably deny if the reasons for each extension request demonstrate your diligence in the site selection and leasing process. Notwithstanding the foregoing, these extensions are not available if you signed this Agreement pursuant to a Development Rights Rider. The development schedule in the Development Rights Rider supersedes the deadlines specified in this Section 4.

After your Lease is executed, you must send us prior notice of any revisions to its terms that you or your landlord might propose, and we have the right to negotiate, and/or accept or reject, those proposed revisions before they become effective.

D. Development of Workspot

In addition to meeting the deadlines for obtaining our approval of a site for the Workspot and signing an accepted Lease, you must within the earlier of (a) twelve (12) months after signing the Lease or (b) six (6) months after the date that you take possession of the site under the Lease (except as otherwise provided in any Development Rights Rider to which we and you (or your affiliate) are parties) (the "**Opening Deadline**"), but subject to the potential extensions described below in this Section: (i) secure all financing, and obtain all permits and licenses, required to construct and operate the Workspot, (ii) construct all required improvements to the site and decorate the Workspot in compliance with our approved plans and specifications, (iii) purchase or lease and install all required Operating Assets (defined below), (iv) purchase an opening inventory of required, authorized, and approved products, materials, and supplies, (v) complete all required training, and (vi) open your Workspot for business in accordance with all requirements of this Agreement. However, if you cannot open the Workspot for business by the Opening Deadline despite your diligent efforts to do so, you may request a thirty (30)-day extension to open, which request we will not unreasonably deny if the reasons for your request demonstrate your diligence in the Workspot development and opening process. You may request no more than three (3) separate thirty (30)-day extensions on the same terms. However, as provided in Section 4.C above, these extensions are not available if you signed this Agreement pursuant to a Development Rights Rider. The development schedule in the Development Rights Rider supersedes the deadlines specified in this Section 4.

Your Project Manager may supervise the Workspot's development, although the Workspot will be developed at your expense. We will make available construction guidelines and mandatory and suggested specifications and layouts for a Workspot (collectively, "**Plans**"), including requirements or recommendations (as applicable) for dimensions, design, interior layout, improvements, color scheme, décor, finishes, signage, and Operating Assets. All other decisions regarding the Workspot's development are subject to our review and prior written approval. Our Plans might not reflect the requirements of any federal, state, or local laws, codes,

ordinances, or regulations (collectively, “**Laws**”), including those arising under the Americans with Disabilities Act (or comparable state or local laws), or any Lease requirements or restrictions. You are solely responsible for complying with all Laws and must inform us of any changes to the Workspot’s specifications that you believe are necessary to ensure such compliance.

You must, working with us and your Project Manager, our designated architect and engineer, and our approved general contractor, adapt the Plans for the Workspot (the “**Adapted Plans**”) and make sure they comply with all Laws and Lease requirements and restrictions. The amount of architect fees will depend on the project’s scope. We must pre-approve in writing (i) the Adapted Plans before the Workspot’s build-out begins and (ii) all revised or “as built” plans and specifications prepared during the Workspot’s construction and development. Our review of the Adapted Plans is limited to reviewing compliance with our Plans. Our review is not intended or designed to assess your compliance with Laws or Lease requirements and restrictions; compliance in those areas is your responsibility. The Workspot must be developed in accordance with the Adapted Plans we have approved in writing. We own the Plans and all Adapted Plans. During the Workspot’s build-out, we may physically inspect the Workspot or require you to send us pictures and images (including recordings) of the Workspot’s interior and exterior so we can review your development of the Workspot in accordance with our Brand Standards.

You agree at your expense to construct, install all trade dress and Operating Assets in, and otherwise develop the Workspot according to our standards, specifications, and directions, including our Brand Standards. The Workspot must contain all Operating Assets, and only those Operating Assets, we specify or pre-approve. You agree to place or display at the Workspot (interior and exterior), according to our guidelines, only the signs, emblems, lettering, logos, and display materials we approve from time to time.

You agree to purchase or lease only approved brands, types, and models of Operating Assets according to our standards and specifications and, if we specify, only from one or more suppliers we designate or approve (which may include or be limited to us and/or certain of our affiliates). “**Operating Assets**” means all required furniture, fixtures, signs, and equipment (including components of and required software licenses for the Computer System (defined in Section 7.E)) we periodically require for the Workspot and the business you operate under this Agreement.

E. Opening

You must open the Workspot for business on or before the Opening Deadline, provided, however, you may not do so until:

- i. we or our designee inspects and approves in writing the Workspot as having been developed in accordance with our specifications and standards. You must give us at least thirty (30) days’ prior written notice of the Workspot’s planned opening date and also notify us in writing when the Workspot is ready for inspection or review. If we or our designee does not inspect or review the Workspot within thirty (30) days after you deliver notice that the Workspot is ready for inspection or review, or if we

or our designee does not comment in writing within seven (7) business days after the inspection or review, then the Workspot is deemed approved to open. Inspection and approval are limited to ensuring your compliance with our standards and specifications; approval is not a representation that the Workspot in fact complies with our standards and specifications or a waiver of our right to enforce any provision of this Agreement. Inspection and approval likewise are not intended or designed to assess compliance with Laws; compliance with Laws is your responsibility. We will not unreasonably withhold our approval of the Workspot;

- ii. your Managing Owner, general managers, and lead sales representative, as applicable, have completed to our satisfaction the initial orientation and training programs described in Section 6.A;
- iii. the Workspot has sufficient employees, trained by you, to manage and operate the Workspot on a day-to-day basis in compliance with Brand Standards;
- iv. the Workspot's employees have completed all required third-party certifications, as applicable, for the Workspot's lawful operation (including certifications required under Laws);
- v. you have satisfied all state and federal permitting, licensing, and other legal requirements for the Workspot's lawful operation and, upon our request, have sent us copies of all permits, licenses, and insurance policies required by this Agreement;
- vi. all amounts due to us, our affiliates, and principal suppliers have been paid;
- vii. you are not in default under any agreement with us, our affiliates, or principal suppliers; and
- viii. you have met all other opening requirements we have established in our Operations Manual (defined in Section 6.G).

5. **Business Fees**

A. **Initial Franchise Fee**

You must pay the initial franchise fee (the “**Initial Franchise Fee**”) set forth on Exhibit A attached hereto concurrently with your execution of this Agreement. The Initial Franchise Fee is not refundable under any circumstances. This Agreement will not be effective, and you will have no franchise rights, until we receive the Initial Franchise Fee.

B. Market Introduction Program

You must conduct a market introduction program for the Workspot. We expect this program to begin approximately four (4) months before and to continue for approximately three (3) months after the Workspot opens (although we may specify a different timeframe). We will consult with you about the type of market introduction program that we believe is most suitable for your Workspot's market and will create and implement the program for you. You must spend at least Twenty Thousand Dollars (\$20,000) on the market introduction program, which will include expenditures for our creation and implementation of the market introduction program for you as well as production and media placement. The market introduction program will be implemented according to Brand Standards and our other requirements. We will spend the amounts earmarked for production and media placement on your behalf in the Workspot's market in compliance with the market introduction program.

C. Ongoing Fees

You must pay us a variety of ongoing fees, as specified in this Section. These fees are charged as deductions against your Gross Revenue that we administer through the Payment System and DBTech.

i. Royalty

Subject to the Minimum Royalty described below, you agree to pay us, on the 15th of each calendar month (the "**Payment Day**"), a royalty ("**Royalty**") equal to seven percent (7%) of the Workspot's Gross Revenue during the preceding calendar month. Upon notice to you we may change the Payment Day. In this Agreement, "**Gross Revenue**" means the aggregate amount of all revenue and other consideration generated from any source, including, without limitation, revenue and other consideration generated from selling services, products, and merchandise; revenue earned from customers' redemption of DAYBASE credits upon utilization of your Workspot; revenue earned from Home Members' (defined in Section 13.C. below) monthly membership fees; Franchisee Enterprise Customer Commissions (defined in Section 5.C.iv. below) you earn; other types of revenue you receive, including the proceeds of business interruption insurance; and (if barter is permitted by us) the value of services, products, and merchandise bartered in exchange for the Workspot's services, products, or merchandise. Notwithstanding the above, you agree to pay us a minimum Royalty for each calendar month during the Term equal to no less than Three Thousand Five Hundred Dollars (\$3,500), as periodically increased in accordance with Section 5.G below (the "**Minimum Royalty**"). If the monthly Royalties you pay us, based on seven percent (7%) of the Workspot's monthly Gross Revenue, do not equal in the aggregate during each calendar month the amount of the Minimum Royalty, you must pay us the deficiency (in addition to all other amounts regularly due) within seven (7) days after the end of the calendar month (we may debit the deficiency automatically, as provided in Sections 5.D and 5.F below). The Minimum Royalty will not begin until after you have operated the Workspot for six (6) months. (All references in this Agreement to "Royalty" will be deemed to include the Minimum Royalty.)

All transactions must be entered into the Computer System (defined in Section 7.E below) at the full, standard retail price for purposes of calculating Gross Revenue. However,

Gross Revenue excludes: (i) federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; (ii) proceeds from insurance, excluding business interruption insurance; and (iii) proceeds from any civil forfeiture, condemnation, or seizure by government entities. In addition, Gross Revenue is reduced by (i) the value of promotional or marketing discounts offered to the public (with our prior approval), and (ii) the amount of any credits the Workspot provides in accordance with the terms and conditions set forth in the Operations Manual. Each charge or sale upon credit will be treated as a sale for the full price on the day the charge or sale is made, irrespective of when you receive payment (whether full or partial, or at all) on that sale. Revenue from DAYBASE credits is not included in your Workspot's Gross Revenue unless and until a customer redeems such DAYBASE credits in exchange for utilization of your Workspot. Revenue from gift cards we approve for offer and sale at DAYBASEs is included in the Workspot's Gross Revenue when the gift card is used to pay for services and products (although we may collect our fees due on that revenue when the gift card is sold). Your Workspot may not issue or redeem any gift certificates, coupons, or gift, loyalty, or similar cards unless we first approve in writing their form and content and your proposed issuing and honoring/redemption procedures. We may grant or withhold our approval as we deem best.

ii. Software License Fee

You agree to pay us on the Payment Day, a software license fee ("**Software License Fee**") equal to One Thousand Dollars (\$1,000) per calendar month. The Software License Fee is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify. The Software License Fee is payment for your right to use our affiliate's proprietary DAYBASE software package ("**DBTech**") in operating your Workspot. DBTech currently includes use of the Computer System, including our affiliate's proprietary digital discovery and mobile and web-based applications, concierge control panel for bookings and reservations and membership acquisition, accounting, payroll and time management software, issue ticketing, real estate selection, project management, customer relationship management and operations management tools. We reserve the right to develop, add to, modify or eliminate any of the items currently included in DBTech. In addition to the Software License Fee you agree to pay all third-party fees and charges directly or indirectly incurred in connection with technology we require you to use in the operation of the DAYBASE.

iii. Member Success Support Fee

We have the right (but no obligation), directly or through a designated source (including an affiliate), to develop, implement, operate, maintain, and improve a resource (a "**Success Center**") for delivering support services to Daybase customers, and supporting sales and marketing, for the benefit of all DAYBASEs and which all DAYBASEs must use. If established, the Success Center may perform various services for DAYBASEs and Franchise System customers including, but not limited to handling customer inquiries, helping resolve customer complaints and concerns and reservation disputes and issues, and maintaining a customer database that provides management reports to franchisees. The Success Center will also provide you with two (2) success managers, a "**Franchise Success Manager**" who, among other things, will provide you with virtual support, including ongoing and supplemental training, and an "**Enterprise Customer Success Manager**" who will provide support to Enterprise

Customers (defined in Section 5.C.iv. below) on behalf of DAYBASE franchisees. You must comply with our Brand Standards for participating in and using the Success Center. We assume no direct or indirect liability or obligation to you with respect to the Success Center's maintenance, direction, or administration. We have no obligation to ensure that any particular DAYBASE benefits on a pro rata basis from the Success Center. You are not a third-party beneficiary of the Success Center. We may discontinue operation of the Success Center at any time in our sole judgment.

We may charge you and other DAYBASEs (or cause DAYBASEs to be charged) an administrative fee, not to exceed two percent (2%) of the Workspot's Gross Revenue, payable on a monthly or other basis to support the Success Center's operation, including staffing, equipment, and technology (the "**Success Center Fee**"). The purpose of the Success Center Fee is to cover, and/or reimburse us or our designee for, the actual costs of operating the Success Center. The Success Center Fee is separate from the Royalty, Brand Fund contribution (defined in Section 13.A below), Software License Fee, and other fees and charges due under this Agreement. While we or our designee may control use of the Success Center Fee, the Success Center Fee will not be used to pay any of our general operating costs, except for salaries for Success Center staff and other actual costs to administer and operate the Success Center.

iv. Sales Fee

You must actively market, promote and sell DAYBASE memberships, and other offerings we authorize, to customers who may be local, regional or national accounts of the Workspot Concept and who may redeem products and services at any DAYBASE in any location, in accordance with rules and policies we establish from time to time. You acknowledge that we, our affiliates, third party sales professionals and other DAYBASE franchisees (in this context, a "**Sales Agent**") may also market products and services we authorize to customers attending your Workspot. In promotion of cross-selling to existing and new customers, including Enterprise Customers (defined below) of the Workspot Concept, the Franchise System may include programs and incentives for you and Sale Agents to sell and cross-sell products and services to local, regional and national accounts (the "**Sales Growth Program**"). In furtherance of the Sales Growth Program, the details of which are contained in the Operations Manual, you agree to pay us a sales fee of two percent (2%) ("**Sales Fee**") of the Workspot's Gross Revenue.

An "**Enterprise Customer**" is a customer (typically a team, division, or company) that pre-pays annually (or multi-annually) for DAYBASE credits that its workforce may redeem at DAYBASEs. We may pay a commission to franchisee(s) that are materially involved in assisting us and our Sales Agents in securing an Enterprise Customer account (the "**Franchisee Enterprise Customer Commission**"). We will pay the Franchisee Enterprise Customer Commission and commissions earned by Sales Agents in accordance with the policies we establish for the Sales Growth Program, which we may modify from time to time. Franchisee Enterprise Customer Commissions paid to you will be considered Gross Revenue that is subject to the Gross Fee (defined below in Section 5.D.).

D. Payment Method and Timing

We, our affiliate or a third party that we designate, will process all payments made by

Franchise System customers through the payment system integrated with the Reservation System and DBTech (“**Payment System**”). You authorize us in connection with each Payment Day to automatically debit directly from Gross Revenue collected in the Payment System on account of your DAYBASE the sum of the Royalty, Software License Fee, Sales Fee, Brand Fund contribution, Success Center Fee, credit card processing fees (we currently estimate these fees to be approximately three percent (3%) per transaction) and other amounts due under this Agreement and any related agreement between us (or our affiliates) and you (collectively, the “**Gross Fee**”). On a Payment Day we will pay to you or your designated bank, in a single net payment, Gross Revenue for the prior payment period less the Gross Fee for the same period. Payments owed to you on a Payment Day will be made by ACH transfer. If we are unable to deposit monies into your account for reasons outside of our control, we may, at our option, make payments to you by a check or withhold payments until our ability to make direct deposits into your bank account is restored. You acknowledge that, under all circumstances, payments to you may arrive in your bank account later than the Payment Day.

If you fail to report the Workspot’s Gross Revenue when required, we may increase the Gross Fee to one hundred twenty-five percent (125%) of the Gross Fee that we debited for the previous payment period. If the amount we debit is less than the amount you actually owe us for the payment period (once we determine the Workspot’s actual Gross Revenue), we will debit your account for the balance due on the day we specify. If the amount we debit from your account is greater than the amount you actually owe us for the payment period (once we determine the Workspot’s actual Gross Revenue), we will credit the excess, without interest, against the amount we may debit from your account for the following payment period.

We have the right, at our sole option upon notice to you, to change from time to time the timing and terms applicable to the Payment System and Gross Fee. You may not subordinate to any other obligation your obligation to pay us the Gross Fee.

E. Administrative Fee and Interest on Late Payments

In addition to our other remedies, including, without limitation, the right to terminate this Agreement under Section 18, if you fail to pay (or make available for debit or withdrawal from your account) any amounts you owe us or our affiliates relating to this Agreement or the Workspot, those amounts will bear interest, accruing as of their original due dates, at one and one-half percent (1.5%) per month or the highest commercial contract interest rate the Law allows, whichever is less. In addition, you must pay us a One-Hundred Dollar (\$100) administrative fee for each payment not made to us or our affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to your failure to pay the amounts when due.

F. Application of Payments and Right of Set-Off

Notwithstanding any designation you make, we may apply any of your payments (whether made by debit or otherwise) to any of your past due indebtedness to us or our affiliates relating to this Agreement or the Workspot. We may set off any amounts you or your owners owe us or our affiliates against any amounts that we or our affiliates owe you or your owners, whether in connection with this Agreement or otherwise.

G. Annual Increase in Fixed Fees and Amounts

We reserve the right to increase any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under this Agreement, including the Minimum Royalty and the Software License Fee, based on changes in the Index (defined below) (“**Annual Increase**”). An Annual Increase to such fees, payments, and amounts may occur only once during any calendar year and may not exceed the corresponding cumulative increase in the Index since the Effective Date or, as the case may be, since the date on which the last Annual Increase became effective for the particular fixed fee, payment, or amount being increased. Any and all Annual Increases will be made at the same time during the calendar year. “Index” refers to the Consumer Price Index for All Urban Consumers (CPI-U) for the U.S. City Average for all Items (1982 – 1984 = 100), not seasonally adjusted, as published by the United States Department of Labor, Bureau of Labor Statistics, or in a successor index. Notwithstanding this Section, if any fixed fee, payment, or amount due under this Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party), we also reserve the right to increase the fixed fee, fixed payment, or fixed amount beyond the Annual Increase to reflect increases in the third party’s charges to us.

6. Training, Guidance, and Assistance

A. Initial Orientation and Training

Your Managing Owner must attend our initial orientation session on the Franchise System at our principal business address (or virtually or at another location we designate) before you sign a Lease. We also will furnish without additional charge, at a designated training location of our choice (which may be our corporate headquarters, an operating DAYBASE, and/or your Workspot) and/or through video and other electronic means, an initial training program (“**Initial Training**”) on operating a DAYBASE for your Managing Owner and up to three (3) additional people, which should include your general manager (the “**Base Manager**”) and lead sales representative. We may charge our then-current training fee for each additional person you desire to send to Initial Training. Initial Training will last for the time we specify and focuses on our philosophy, Brand Standards, and the material aspects of operating a DAYBASE, excluding aspects relating to labor relations and employment practices. Before you open the Workspot to the public, your Managing Owner, Base Manager and lead salesperson (three (3) people total) must complete Initial Training to our satisfaction and pass applicable operations and proficiency tests. Our training program may include a “train the trainer” module so that your senior-level personnel can learn how to train your other employees to follow our Brand Standards. The Workspot always must have on staff at least one (1) fully trained Base Manager, three (3) assistant managers (each, a “**Base Lead**”), and one (1) cleaning crew member (the “**Base Porter**”).

You are responsible for paying your employees’ wages, benefits, and TRE while they attend training. We will give you information about the number of hours your employees are actively involved in classroom and in-Workspot training, and you are responsible for evaluating any other information you believe you need to ensure your employees are accurately paid during training. You also are responsible for maintaining workers’ compensation insurance over your

employees during training and must send us proof of that insurance at the outset of the training program.

B. Retraining

If your Managing Owner, Base Manager or lead sales representative fails to complete Initial Training to our satisfaction, or we determine after an inspection of the Workspot that retraining is necessary because the Workspot is not operating according to Brand Standards, he or she may attend a retraining session for which we may charge our then-current training fee. You are responsible for all employee compensation and TRE during retraining. We may terminate this Agreement if the Workspot does not commence operation by the Opening Deadline with a fully trained staff. The Initial Franchise Fee is not refundable under any circumstances.

You may request additional or repeat training for your Managing Owner, Base Manager and/or lead sales representative at the end of Initial Training if they do not feel sufficiently trained to operate a DAYBASE. We and you will jointly determine the duration of any additional training, which is subject to our personnel's availability. You must pay our then-current training fee for additional or repeat training. However, if you do not expressly inform us that your Managing Owner, Base Manager and lead sales representative do not feel sufficiently trained to operate a DAYBASE, they will be deemed to have been trained sufficiently to operate a DAYBASE.

C. Opening Set-Up and Support

We will send an "opening team" (involving the number of people we determine) to the Workspot in connection with its opening to the public for business for at least three (3) days (typically starting before and continuing after actual opening), as we deem best under the circumstances (including if this Agreement covers your second or subsequent DAYBASE), to help you train your supervisory employees on our philosophy and Brand Standards (but not matters relating to labor relations and employment practices) and prepare the Workspot for opening. We will pay our opening team's wages and TRE. However, if you request, and we agree to provide, additional or special guidance, assistance, or training during this opening phase (excluding training relating to labor relations and employment practices), you must pay our personnel's daily charges (including wages) and TRE. We may delay the Workspot's opening until all required training has been satisfactorily completed.

D. Ongoing and Supplemental Training/Convention

We may require your Workspot's management level personnel to attend and complete satisfactorily various training courses, programs and certifications offered periodically during the Term by us or third parties at the times and locations we designate. You are responsible for their compensation and TRE during their attendance. If you request any training courses and programs to be provided locally, then subject to our training personnel's availability, you must pay our training personnel's TRE.

Besides attending and/or participating in various training courses and programs, at least one of your representatives (an owner or another designated representative we approve) must at our request attend an annual meeting of all DAYBASE franchisees at a location we designate. You must pay all TRE to attend. You must pay any meeting fee we charge even if your representative does not attend (whether or not we excuse that non-attendance).

E. Training for Workspot Employees

You must properly train all Workspot employees to perform the tasks required of their positions. We may develop and make available training tools and recommendations for you to use in training the Workspot's employees to comply with Brand Standards. We may update these training materials periodically to reflect changes in our training methods and procedures and changes in Brand Standards.

We may periodically and without prior notice review the Workspot's performance to determine if the Workspot meets our Brand Standards. If we determine that the Workspot is not operating according to Brand Standards, we may, in addition to our other rights under this Agreement, recommend that you retrain one or more Workspot employees.

F. Training Cancellation Fee

If your Managing Owner, Base Manager or lead sales representative cancels participation in any training class or program for which he or she pre-registers and pays us a training fee, we will not refund or reimburse the training fee you paid. If participation is cancelled more than two (2) weeks before the class or program is scheduled to begin, we will apply one-half (1/2) of the training fee as a credit toward the fees due for a future training class or program that your Managing Owner, Base Manager, or lead sales representative attend. However, if participation is cancelled two (2) weeks or less before the class or program is scheduled to begin, you will receive no credit at all toward future training fees due. If your Managing Owner, Base Manager or lead sales representative cancels participation in any training class that is part of the initial training we provide for no additional fee after granting the franchise to you, you must pay us a cancellation fee. The cancellation fee is one-half (1/2) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels more than two (2) weeks before the class or program is scheduled to begin. The cancellation fee is one hundred percent (100%) of our then-applicable training fee per person (depending on which class or program is involved) if the person cancels two (2) weeks or less before the class or program is scheduled to begin. This fee is due immediately and is not refundable.

G. General Guidance and the Operations Manual

We periodically will advise you or make recommendations regarding the Workspot's operation with respect to:

- i. standards, specifications, operating procedures, and methods that DAYBASEs use;

- ii. purchasing required or recommended Operating Assets and other products, services, supplies, and materials;
- iii. supervisory employee training methods and procedures (although you are solely responsible for the employment terms and conditions of all Workspot employees); and
- iv. accounting, advertising, and marketing.

We may guide you through our operations manual and other technical manuals (collectively, “**Operations Manual**”), in bulletins or other written materials, by electronic media, by telephone consultation, and/or at our office or the Workspot. If you request and we agree to provide, or we determine that you need, additional or special guidance, assistance, or training, you agree to pay our then-applicable charges, including reasonable training fees and our personnel’s daily charges and TRE. Any specific ongoing training, conventions, advice, or assistance we provide does not obligate us to continue providing that training, convention, advice, or assistance, all of which we may discontinue and modify at any time.

We will give you access to our Operations Manual, which will be made available to you in hardcopy or through the System Website (defined in Section 13.E below). Any passwords or digital identifications necessary to access the Operations Manual are considered part of Confidential Information. The Operations Manual may consist of and is defined to include audio, video, computer software, other electronic and digital media, and/or written and other tangible materials. The Operations Manual contains mandatory and suggested specifications, standards, operating procedures, and rules we periodically issue for developing and operating a DAYBASE (“**Brand Standards**”) and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in Brand Standards, but those modifications will not alter your fundamental rights or status under this Agreement. You agree to keep current your copy of the Operations Manual (if delivered in hardcopy) and timely communicate all updates to your employees. You must, as applicable, periodically monitor the System Website for updates to the Operations Manual or Brand Standards. You agree to keep all parts of the Operations Manual secure and restrict access to any passwords for accessing the Operations Manual. If there is a dispute over its contents, our master copy of the Operations Manual controls. You agree that the Operations Manual’s contents are confidential and not to disclose any part of the Operations Manual to any person other than Workspot employees and others needing access in order to perform their duties, but only if they agree to maintain its confidentiality by signing a form of confidentiality agreement. We have the right to pre-approve the form used (an acceptable sample of which is attached as Exhibit E). You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual, except for certain forms specified in the Operations Manual.

While we have the right to pre-approve the form of confidentiality agreement you use with Workspot employees and others having access to our Confidential Information in order to protect that Confidential Information, under no circumstances will we control the forms or terms of employment agreements you use with Workspot employees or otherwise be responsible for your labor relations. In addition, Brand Standards do not include any personnel policies or procedures, or any Workspot security-related policies or procedures, that we (at our option) may

make available to you in the Operations Manual or otherwise for your optional use. You will determine to what extent, if any, these policies and procedures might apply to your Workspot's operation. You and we agree that we do not dictate or control labor or employment matters for franchisees and DAYBASE employees, and we are not responsible for the safety and physical security of Workspot employees, guests, and visitors.

H. Delegation

We have the right from time to time to delegate the performance of any portion or all of our obligations under this Agreement to third-party designees, whether they are our affiliates, agents, or independent contractors with which we contract to perform such obligations.

7. Workspot Operation and Brand Standards

A. Condition and Appearance of Workspot

You may not use, or allow another to use, any part of the Workspot for any purpose other than operating a DAYBASE in compliance with this Agreement. You must place or display at the Workspot (interior and exterior), according to our guidelines, only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials we periodically specify. You agree to maintain the condition and appearance of the Workspot, the site, and the Operating Assets in accordance with Brand Standards. Without limiting that obligation, you must take the following actions during the Term at your own expense: (i) thorough cleaning, repainting, and redecorating of the Workspot's interior and exterior at intervals we periodically specify and at our direction; (ii) interior and exterior repair of the Workspot and the site as needed; and (iii) repair or replacement, at our direction, of damaged, worn-out, unsafe, non-functioning, or obsolete Operating Assets at intervals we periodically specify (or, if we do not specify an interval for replacing an Operating Asset, as that Operating Asset needs to be replaced in order to provide services required to be offered by DAYBASEs in compliance with Brand Standards).

In addition to your obligations described above in clauses (i) through (iii), we periodically may modify Brand Standards, which may accommodate regional or local variations, and those modifications may obligate you to invest additional capital in the Workspot and/or incur higher operating costs. You agree to implement any changes in mandatory Brand Standards within the time period we request as if they were part of this Agreement on the Effective Date. However, except for:

- (a) changes in the Computer System;
- (b) changes in signage and logo (i.e., Workspot exterior and interior graphics);
- (c) changes provided in Sections 16.C.ii.(f) and (h) in connection with a transfer;
- (d) changes required by the Lease or applicable Law; and
- (e) your obligations in clauses (i) through (iii) in the first paragraph of this Section 7.A,

for all of which the timing and amounts are not limited during the Term, we will not obligate you to make any capital modifications:

- i. during the first three (3) years after the Workspot commences operation; or
- ii. during the last two (2) years of the Term, unless the proposed capital modifications during those last two (2) years (the amounts for which are not limited) are in connection with Workspot upgrades, remodeling, refurbishing, and similar activities for your acquisition of a successor franchise (as provided in Section 17.iii).

This means that, besides the rights we reserve above in clauses (a) through (e), we may during the fourth (4th) through eighth (8th) years after the Workspot commences operation (and unrelated to your potential acquisition of a successor franchise) require you substantially to alter the Workspot's appearance, layout, and/or design, and/or replace a material portion of the Operating Assets, in order to meet our then-current requirements and then-current Brand Standards for new DAYBASEs. You acknowledge that this could obligate you to make extensive structural changes to, and significantly remodel and renovate, the Workspot, and/or to spend substantial amounts for new Operating Assets. You agree to spend any sums required in order to comply with this obligation and our requirements (even if such expenditures cannot be amortized over the remaining Term); provided, however, that we will not require you to spend in the aggregate in connection with any remodeling and renovation project, during the fourth (4th) through eighth (8th) years after the Workspot commences operation, more than thirty-three percent (33%) of the initial amount you spent to construct the Workspot. Within sixty (60) days after receiving written notice from us, you must prepare plans according to the standards and specifications we prescribe, using an architect, Project Manager, and engineer we designate and a general contractor we approve, and you must submit those plans to us for written approval. You agree to complete all work according to the plans we approve within the time period we reasonably specify and in accordance with this Agreement.

We also may from time to time require you to participate in certain test programs for new services, products, and/or Operating Assets. This could obligate you to spend money for new Operating Assets and to incur other operating costs associated with the Workspot. We need not reimburse you for those items. You agree to maintain and timely send us any records and reports we require related to the test programs. We may discontinue any test programs before their scheduled completion dates and choose not to implement any changes to the Franchise System.

B. Compliance with Applicable Laws and Good Business Practices

You must secure and maintain all licenses, permits, and certificates required for the Workspot's operation and operate the Workspot in full compliance with all Laws, including governmental regulations relating to occupational hazards, advertising, health, environment, employment, workers' compensation and unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes, and sales and service taxes. Your advertising and promotion must be completely factual and conform to the highest standards of ethical advertising. The Workspot must in all dealings with Franchise System customers, suppliers, us, and the public adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct. You may not engage in any business or advertising practice that could injure our business and the goodwill associated with the Marks, the Franchise System, and other DAYBASEs. You alone are responsible for ensuring that the sale of memberships comply with

all applicable Laws. You will be liable to the applicable legal authorities for your failure to do so (and to us if we are brought into the matter because of your failure). You must notify us in writing immediately if (i) any legal charge is asserted against you or the Workspot (even if there is no formal proceeding), (ii) any action, suit, or proceeding is commenced against you or the Workspot, (iii) you receive any report, citation, or notice regarding the Workspot's failure to comply with any licensing, health, cleanliness, or safety Law or standard, or (iv) any bankruptcy or insolvency proceeding or an assignment for the benefit of creditors is commenced by or against you, your owners, or the Workspot.

C. Compliance with Brand Standards

You agree to comply with all Brand Standards, as we may periodically modify them, as if they were part of this Agreement. You may not offer, sell, or provide at or from the Workspot any services or products not authorized in the Operations Manual. You must offer, sell, and provide all services and products we prescribe from time to time. Brand Standards may direct any aspect of the Workspot's operation and maintenance, including any one or more of the following:

- i. required and/or authorized services and products; unauthorized and prohibited services and products; and inventory requirements so the Workspot may operate at full capacity. We always have the right to approve or disapprove in advance all items and services to be used or sold by the Workspot. We may withdraw our approval of previously authorized products and services;
- ii. sales, marketing, advertising, and promotional programs and the materials and media used in those programs, including participating in and complying with the requirements of any special advertising, marketing, and promotional programs we periodically specify;
- iii. adequate staffing levels for the Workspot to operate the Workspot in compliance with Brand Standards, appearance of Workspot personnel, and courteous service to customers. However, you have sole responsibility and authority for your labor relations and employment practices, including, among other things, employee selection, promotion, termination, hours worked, rates of pay, benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Workspot employees are exclusively under your control at the Workspot. You must communicate clearly with Workspot employees in your employment agreements, human resources manuals, written and electronic correspondence, paychecks, and other materials that you (and only you) are their employer and that we, as the franchisor of DAYBASEs, and our affiliates are not their employer and do not engage in any employer-type activities (including those described above) for which only franchisees are responsible. You must obtain an acknowledgment (in the form we specify or approve) from all Workspot employees that you (and not we or our affiliates) are their employer;

- iv. standards, procedures, and requirements for participating in and using the Success Center and responding to customer complaints, including reimbursing our out-of-pocket costs if we resolve a customer complaint because you fail to do so as or when required;
- v. maximum, minimum, or other pricing requirements for services and products the Workspot sells, including requirements for national, regional, and local promotions, special offers, and discounts in which some or all DAYBASEs must participate, and price advertising policies, in each case to the maximum extent the law allows;
- vi. standards and recommendations for training your Workspot's supervisory personnel to follow Brand Standards;
- vii. use and display of the Marks at the Workspot and on supplies;
- viii. quality-assurance, safety-audit, guest-satisfaction, and "mystery-shop" programs, including your using and paying directly our designated third-party service providers;
- ix. minimum days and hours of operation;
- x. accepting credit and debit cards and other payment systems;
- xi. issuing and honoring/redeeming gift certificates, coupons, and gift and loyalty cards and administering customer loyalty and similar programs. You must participate in, and comply with the requirements of, our gift card and other customer loyalty programs. You agree that we may draft from your bank account all monies paid to you for gift cards and similar customer loyalty initiatives and hold those monies until the gift cards and similar customer loyalty initiatives are redeemed at your Workspot (or, if applicable, another DAYBASE). However, we may keep any prepaid amounts that are not used by customers to the extent allowed by Law;
- xii. standards and procedures for (a) communications among you, us, and other franchisees, (b) accessing and using various aspects of the System Website, (c) using blogs, common social networks like Facebook and Instagram, professional networks like LinkedIn, live-blogging tools like Twitter, virtual worlds, file, audio, and video-sharing sites, and other similar social-networking media or tools (collectively, "**Social Media**") that in any way reference the Marks or involve the Workspot, and (d) using the Marks as part of any domain name, homepage, electronic address, metatag, or otherwise in connection with any website or other online presence (collectively, "**Digital Marketing**") (except to the extent our standards or procedures are prohibited under Law); and

- xiii. any other aspects of operating and maintaining the Workspot that we determine are useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and DAYBASEs.

Brand Standards will not include any employment-related policies or procedures or dictate or regulate the employment terms and conditions for the Workspot's employees. Any information we provide (in the Operations Manual or otherwise) concerning employment-related policies or procedures or relating to employment terms and conditions for Workspot employees is only a recommendation, and not a requirement, for your optional use.

As described in Section 7.A above, we have the right periodically to modify and supplement Brand Standards, which may require you to invest additional capital in the Workspot and incur higher operating costs. Those Brand Standards will constitute legally binding obligations on you when we communicate them. Although we retain the right to establish and modify periodically the Brand Standards you have agreed to follow, you retain complete responsibility and authority for the Workspot's management and operation and for implementing and maintaining Brand Standards at the Workspot.

You acknowledge the importance of operating the Workspot in full compliance with this Agreement and Brand Standards. You further acknowledge that your deviation from any contractual requirement, including any Brand Standard, is a violation of this Agreement and will trigger incalculable administrative and management costs for us to address the violation (separate and apart from any damages your violation might cause to the Franchise System, our business opportunities, or the goodwill associated with the Marks). Therefore, you agree to compensate us for our incalculable administrative and management costs by paying us Two-Hundred-Fifty Dollars (\$250) for each deviation from a contractual requirement, including any Brand Standard, cited by us (**the "Non-Compliance Fee"**). However, if we discover that same (or a substantially similar) deviation on one or more consecutive, subsequent visits to or inspections of the Workspot, the Non-Compliance Fee will, at our option, be Five Hundred Dollars (\$500) for the first repeat deviation and One Thousand Dollars (\$1,000) for the second and each subsequent repeat deviation. (The Non-Compliance Fee does not apply to payment defaults for which we may charge late fees and interest under Section 5.E above.) We and you deem the Non-Compliance Fee to be a reasonable estimate of our administrative and management costs and not a penalty. We may debit your bank account for Non-Compliance Fees or set off monies otherwise due and payable to you to cover the payment of Non-Compliance Fees. We must receive the Non-Compliance Fee within five (5) days after we notify you that we are charging it due to your violation. We need not give you a cure opportunity before charging the Non-Compliance Fee. Charging the Non-Compliance Fee does not prevent us from seeking to recover damages to the Franchise System, our business opportunities, or the goodwill associated with the Marks due to your violation, seeking injunctive relief to restrain any subsequent or continuing violation, and/or formally defaulting you and terminating this Agreement under Section 18.B.

D. Approved Services, Products, and Suppliers

We may periodically designate and approve standards, specifications, brands, models, manufacturers, suppliers, and/or distributors for the Operating Assets and other services and products we periodically authorize for use or sale by DAYBASEs. You must purchase or lease

all Operating Assets and other services and products you use or sell at the Workspot only according to our Brand Standards and, if we require, only from suppliers or distributors we designate or approve (which may include or be limited to us, certain of our affiliates, and/or other restricted sources). We and/or our affiliates may derive revenue based on your purchases and leases, including, without limitation, from charging you (at prices exceeding our and their costs) for services and products we or our affiliates sell you and from promotional allowances, volume discounts, and other amounts paid to us and our affiliates by suppliers that we designate, approve, or recommend for some or all DAYBASE franchisees. We and our affiliates may use all amounts received from suppliers, whether or not based on your and other franchisees' prospective or actual dealings with them, without restriction for any purposes we and our affiliates deem appropriate.

If you want to purchase or lease any Operating Assets or other products or services from a supplier or distributor we have not then approved (if we require you to buy or lease the product or service only from an approved supplier or distributor), then you must establish to our reasonable satisfaction that the product or service is of equivalent quality and functionality to the product or service it replaces and the supplier or distributor is, among other things, reputable, financially responsible, and adequately insured for product liability claims. You must pay upon request any actual expenses we incur to determine whether or not the products, services, suppliers, or distributors meet our requirements and specifications. We may condition our written approval of a supplier or distributor on requirements relating to product quality and safety, prices, consistency, warranty, reliability, financial capability, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), and other criteria. We have the right to inspect the proposed supplier's or distributor's facilities and to require the proposed supplier or distributor to deliver product samples or items, at our option, either directly to us or to any third party we designate for testing. If we approve a supplier or distributor you recommend, you agree that we may allow other DAYBASEs to purchase or lease the Operating Assets or other products or services from those suppliers or distributors without limitation and without compensation to you. Despite the foregoing, we may limit the number of approved suppliers and distributors with which you may deal, designate sources you must use, and refuse any of your requests for any reason, including, without limitation, because we have already designated an exclusive source (which might be us or one of our affiliates) for a particular item or service or believe that doing so is in the DAYBASE network's best interests. We make no guaranty, warranty, or promise that we will obtain the best pricing or most advantageous terms on behalf of DAYBASEs. We also do not guaranty the performance of suppliers and distributors to DAYBASEs. We are not responsible or liable if the products or services provided by a supplier or distributor fail to conform to or perform in compliance with Brand Standards or our contractual terms with the supplier or distributor.

We have the right (without liability) to consult with your suppliers about the status of your account with them and to advise your suppliers and others with whom you, we, our affiliates, and other franchisees deal that you are in default under any agreement with us or our affiliates (but only if we or our affiliate has notified you of such default).

E. Computer System, Digital Application and Reservation System

You agree to obtain and exclusively use in the operation of your Workspot the computer hardware and software, point-of-sale system, dedicated telephone and power lines, modems, printers, tablets, smart phones, and other computer-related accessories and equipment we periodically specify (the “**Computer System**”). All information about your Gross Revenue and operations including all transactions conducted through the Reservation System must be maintained exclusively in the Computer System. You must maintain the Computer System’s continuous operation. We will have unlimited access to all information maintained on the Computer System (excluding matters relating to labor relations and employment practices) and to the content of any DAYBASE e-mail accounts we provide you.

We may periodically modify the Computer System’s specifications and components. Our modification of Computer System specifications, and/or other technological developments or events, may require you to purchase, lease, or license new or modified computer hardware, software, peripherals, and other components and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, you must incur the costs to obtain the computer hardware, software, peripherals, and other components comprising the Computer System (and additions and modifications) and required service or support. Within thirty (30) days after we deliver notice to you, you must obtain the Computer System components we designate and ensure that your Computer System, as modified, is functioning properly.

We and our affiliates may condition any license of required or recommended proprietary software to you, and/or your use of technology developed or maintained by or for us, on your signing a software license agreement or similar document, or otherwise agreeing to the terms (for example, by acknowledging your consent to and accepting the terms of a click-through license agreement), that we and our affiliates periodically prescribe to regulate your use of, and our (or our affiliates’) and your respective rights and responsibilities with respect to, the software or technology. In addition to the Software License Fee described in Section 5.C above, which covers DBTech, we and our affiliates may charge you upfront and ongoing fees for any other required or recommended proprietary software or technology we or our affiliates license to you and for other Computer System maintenance and support services provided during the Term.

Despite your obligation to buy, use, and maintain the Computer System according to our standards and specifications, you have sole and complete responsibility for: (1) acquiring, operating, maintaining, and upgrading the Computer System; (2) the manner in which your Computer System interfaces with our and any third party’s computer system; (3) any and all consequences if the Computer System is not properly operated, maintained, and upgraded (though we are not responsible for any outages in our proprietary operating software); and (4) independently determining what is required for you to comply (and then complying) at all times with the most current version of the Payment Card Industry Data Security Standards, and with all Laws governing the use, disclosure, and protection of Customer Personal Data (defined in Section 10) and the Computer System, and validating compliance with those standards and Laws as may be periodically required. The Computer System must permit twenty-four (24) hours per day, seven (7) days per week electronic communications between you and us, including access to

the Internet and System Website (but excluding matters relating to labor relations and employment practices).

Subject to Section 18.D.iii below, during the Term we may make available to you and customers of the DAYBASE network, including the Workspot, the DAYBASE digital application and reservation system (the “**Reservation System**”) for reserving time within the Workspot. You will cause the Workspot to participate in the Reservation System in accordance with the Operations Manual, Brand Standards and this Agreement. Prices and rates for products and services offered by your Workspot will be published in the Reservation System in accordance with Brand Standards. You agree to (i) honor any prices, rates or discounts that appear in the Reservation System or elsewhere; (ii) honor all reservations made through the Reservation System or that are confirmed; (iii) not charge any customer a rate higher than the rate specified for the customer’s reservation in the Reservation System or, if not made through the Reservation System, in the reservation confirmation. You also agree to honor all pricing and terms for any other products or services offered in connection with the Workspot, including for Enterprise Customers, regional and national accounts.

8. Marks

A. Ownership and Goodwill of Marks

Your right to use the Marks is derived only from this Agreement and is limited to your operating the Workspot according to this Agreement and all mandatory Brand Standards we prescribe during the Term. Your unauthorized use of the Marks is a breach of this Agreement and infringes our (and our licensor’s) rights in the Marks. Any use of the Marks relating to the Workspot, and any goodwill that use establishes, are for our (and our licensor’s) exclusive benefit. We (and our licensor) may take the action necessary to enforce all trademark use obligations under this Agreement. This Agreement does not confer any goodwill or other interests in the Marks upon you, other than the right to operate the Workspot according to this Agreement. All provisions in this Agreement relating to the Marks apply to any additional and substitute trademarks and service marks we periodically authorize you to use. You may not at any time during or after the Term contest or assist any other person to contest the validity, or our (or our licensor’s) ownership, of the Marks.

B. Limitations on Use of Marks

You agree to use the Marks as the Workspot’s sole identification, subject to the notices of independent ownership we periodically designate. You may not use any Mark (i) as part of any corporate or legal business name, (ii) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we license to you), (iii) in selling any unauthorized services or products, (iv) in connection with any Digital Marketing, or in any user name, screen name, or profile in connection with any Social Media sites, without our consent or, if applicable, without complying with our Brand Standards, or (v) in any other manner we have not expressly authorized in writing. You may not use any Mark to advertise the transfer, sale, or other disposition of the Workspot or an ownership interest in you without our prior written consent, which we will not unreasonably withhold. You must give the notices of trademark and service mark registrations we periodically specify and obtain any fictitious or assumed name

registrations that applicable Law requires. You may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction.

To the extent you use any Mark in employment-related materials, you must include a clear disclaimer that you (and only you) are the employer of Workspot employees and that we, as the franchisor of DAYBASEs, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Workspot employees that you (and not we or our affiliates) are their employer.

C. Notification of Infringements and Claims

You agree to notify us immediately of any actual or apparent infringement or challenge to your use of any Mark, any person's claim of any rights in any Mark (or any identical or confusingly similar trademark), or unfair competition relating to any Mark. You may not communicate with any person other than us and our licensor, our respective attorneys, and your attorneys regarding any infringement, challenge, or claim. We and our licensor may take the action we deem appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding or enforcement action arising from any infringement, challenge, or claim or otherwise concerning any Mark. You must sign any documents and take any other reasonable actions we and our, and our licensor's, attorneys deem necessary or advisable to protect and maintain our (and our licensor's) interests in any litigation, U.S. Patent and Trademark Office or other proceeding, or enforcement action or otherwise to protect and maintain our (and our licensor's) interests in the Marks.

D. Discontinuance of Use of Marks

If we believe at any time that it is advisable for us and/or you to modify, discontinue using, and/or replace any Mark, and/or to use one or more additional or substitute trademarks or service marks, you agree to comply with our directions within a reasonable time after receiving notice. We need not reimburse your expenses to comply with those directions (such as your costs to change signs or to replace supplies for the Workspot), any loss of revenue due to any modified or discontinued Mark, or your expenses to promote a modified or substitute trademark or service mark.

E. Indemnification for Use of Marks

We agree to reimburse your damages and expenses incurred in any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, provided your use has been consistent with this Agreement, the Operations Manual, and Brand Standards communicated to you and you have timely notified us of, and complied with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from or relating to your use of any Mark under this Agreement.

9. Confidential Information

We and our affiliates possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law, relating to developing and operating DAYBASEs (the “**Confidential Information**”), which includes, but is not limited to:

- i. information in the Operations Manual and our Brand Standards;
- ii. layouts, designs, and other Plans for DAYBASEs;
- iii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating DAYBASEs;
- iv. marketing research and promotional, marketing, and advertising programs for DAYBASEs;
- v. strategic plans, including expansion strategies and targeted demographics;
- vi. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that DAYBASEs use and sell;
- vii. knowledge of the operating results and financial performance of DAYBASEs other than the Workspot;
- viii. customer solicitation, communication, and retention programs, along with data used or generated in connection with those programs, including Customer Personal Data, and all customer relationships;
- ix. all data and other information generated by, or used or developed in, operating the Workspot, including Customer Personal Data, and any other information contained from time to time in the Computer System, DBTech, the Reservation System or that visitors (including you) provide to the System Website and mobile and digital applications; and
- x. any other information we reasonably designate as confidential or proprietary.

You will not acquire any interest in any Confidential Information, other than the right to use certain Confidential Information as we specify in operating the Workspot during the Term according to Brand Standards and this Agreement’s other terms and conditions. You acknowledge that using any Confidential Information in another business would constitute an unfair method of competition with us and our affiliates, suppliers, and franchisees. You acknowledge and agree that Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you, your owners, and your employees agree, and you and they do agree:

- i. not to use any Confidential Information in another business or capacity and at all times to keep Confidential Information absolutely confidential, both during and after the Term (afterward for as long as the information is not generally known in the flexible office/co-working industry);
- ii. not to make unauthorized copies of any Confidential Information disclosed via electronic medium or in written or other tangible form;
- iii. to adopt and implement all reasonable procedures we periodically specify to prevent unauthorized use or disclosure of Confidential Information, including disclosing it only to Workspot personnel and others needing to know the Confidential Information in order to operate the Workspot and using confidentiality and non-disclosure agreements with those having access to Confidential Information. (We have the right to pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of DAYBASEs. Under no circumstances will we control the forms or terms of employment agreements you use with Workspot employees or otherwise be responsible for your labor relations or employment practices); and
- iv. not to sell, trade, or otherwise profit in any way from the Confidential Information (including by selling or assigning any Customer Personal Data or related information or data), except during the Term using methods we have approved.

“**Confidential Information**” does not include information, knowledge, or know-how that lawfully is or becomes generally known in the flexible office/co-working industry or that you knew from previous business experience before we gave you access to it (directly or indirectly). If we include any matter in Confidential Information, anyone claiming it is not Confidential Information must prove that the exclusion in this paragraph applies.

10. Customer Personal Data

You must comply with our reasonable instructions regarding the organizational, physical, administrative, and technical measures and security procedures to safeguard the confidentiality and security of the identified or identifiable (whether directly identifiable or not) names, addresses, telephone numbers, e-mail addresses, dates of birth, demographic or related information, buying habits, preferences, credit-card information, and other personally-identifiable information of actual and potential customers of the Franchise System (“**Customer Personal Data**”) and employ reasonable means to safeguard the confidentiality and security of Customer Personal Data. You acknowledge and agree that all Customer Personal Data shall be and remain our sole and exclusive property. You must comply with all Laws governing the use, protection, and disclosure of Customer Personal Data.

If there is a Data Security Incident at or relating to the Workspot, you must notify us immediately after becoming aware of the actual or suspected occurrence, specify the extent to which Customer Personal Data was compromised or disclosed, and comply and cooperate with our instructions for addressing the Data Security Incident in order to protect Customer Personal

Data and the DAYBASE brand (including giving us or our designee direct access to your Computer System, whether remotely or at the Workspot). We (and our designated affiliates) have the right, but no obligation, to take any action or pursue any proceeding or litigation with respect to the Data Security Incident, control the direction and handling of such action, proceeding, or litigation, and control any remediation efforts.

“**Data Security Incident**” means any act that initiates either internally or from outside the Workspot’s computers, point-of-sale terminals, and other technology or networked environment and violates the Law or explicit or implied security policies, including attempts (either failed or successful) to gain unauthorized access (or to exceed authorized access) to the Franchise System, DAYBASEs, or their Customer Personal Data or to view, copy, or use Customer Personal Data or Confidential Information without authorization or in excess of authorization; unwanted disruption or denial of service; unauthorized use of a system for processing or storage of Customer Personal Data; and changes to system hardware, firmware, or software characteristics without our knowledge, instruction, or consent.

If we determine that any Data Security Incident results from your failure to comply with this Agreement or any requirements for protecting the Computer System and Customer Personal Data, you must (a) indemnify us under Section 20.E and (b) compensate us for all other damages we incur as a result of your breach of this Agreement.

11. Innovations

All ideas, concepts, techniques, or materials relating to a DAYBASE, whether or not protectable intellectual property and whether created by or for you or your owners, employees, or contractors (“**Innovations**”), must be promptly disclosed to us and will be deemed to be our sole and exclusive property and works made-for-hire for us. To the extent any Innovation does not qualify as a “work made-for-hire” for us, by this paragraph you assign ownership of and all related rights to that Innovation to us and agree to sign (and to cause your owners, employees, and contractors to sign) whatever assignment or other documents we periodically request to evidence our ownership and to help us obtain intellectual property rights in the Innovation. You may not use any Innovation in operating the Workspot or otherwise without our prior written approval.

12. Exclusive Relationship

You acknowledge that we granted you the rights under this Agreement in consideration of and reliance upon your and your owners’ agreement to deal exclusively with us with respect to the services and products that DAYBASEs offer and sell. You therefore agree that, during the Term, neither you, your owners, nor any members of your or their Immediate Families (defined below) will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities publicly-traded on a United

States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

- ii. perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;
- iii. directly or indirectly loan any money or other thing of value, or guarantee any other person's loan, to any Competitive Business or any owner, director, officer, manager, or employee of any Competitive Business, wherever located or operating; or
- iv. divert or attempt to divert any actual or potential business or customer of the Franchise System to a Competitive Business.

The term "**Competitive Business**," as used in this Agreement, means any (a) business that provides workspace, short-term office space, co-working and/or flexible office space, and/or conferencing or private space for the workforce, or (b) business granting franchises or licenses to others to operate the type of business described in clause (a), other than a DAYBASE operated under a franchise agreement with us. The term "**Immediate Family**" includes the named individual, his or her spouse, and all children of the named individual or his or her spouse. You agree to obtain similar covenants from your senior personnel whom we specify, including officers and directors, by having them sign the form of agreement we specify or pre-approve. We may pre-approve the forms of agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of DAYBASEs. Under no circumstances will we control the forms or terms of employment agreements you use with Workspot employees or otherwise be responsible for your labor relations or employment practices.

13. Advertising and Marketing

A. Brand Fund

We have established a fund ("**Brand Fund**" or "**Fund**") for advertising, marketing, research and development, public relations, Social-Media management, and customer-relationship management programs and materials, the purpose of which is to enhance, promote, and protect the DAYBASE brand and Franchise System. You agree to contribute to the Brand Fund the amounts we periodically specify, not to exceed three percent (3%) of the Workspot's monthly Gross Revenue. Your Brand Fund contribution is due and payable at the same time and in the same manner as the Royalty or in such other manner we periodically specify.

Until the total number of operational franchised DAYBASEs equals the total number of operational company- and affiliate-owned DAYBASEs, the operational company- and affiliate-owned DAYBASEs collectively are only required to match each month the total Brand Fund contributions actually made during that month by all operational franchised DAYBASEs. Once the total number of operational franchised DAYBASEs equals the total number of operational company- and affiliate-owned DAYBASEs, each operational company- and affiliate-owned DAYBASE will contribute to the Brand Fund each month on the same percentage basis as

franchisees; provided, however, that no operational company- or affiliate-owned DAYBASE must contribute to the Brand Fund during any monthly period during the Term more than the highest-contributing operational franchised DAYBASE actually contributed during that month.

We will direct all programs the Brand Fund finances, with sole control over all creative and business aspects of the Fund's activities. The Brand Fund may pay for preparing, producing, and placing video, audio, and written materials, Digital Marketing, and Social Media; developing, maintaining, and administering one or more System Websites; administering national, regional, and multi-regional marketing and advertising programs, including, without limitation, purchasing trade journal, direct mail, and other media advertising and using advertising, promotion, and marketing agencies and other advisors to provide assistance; implementing and supporting franchisees' local market introduction programs; establishing regional and national promotions and partnerships and hiring spokespersons to promote the DAYBASE brand; and supporting public relations, market research and development, and other advertising, promotion, marketing, and brand-related activities. The Brand Fund periodically may give you sample advertising, marketing, and promotional formats and materials (collectively, "**Marketing Materials**") at no cost. We may sell you multiple copies of Marketing Materials at our direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Brand Fund separately from our other funds (although we need not keep Brand Fund contributions in a separate bank account) and not use the Brand Fund for any of our general operating expenses. However, the Brand Fund may reimburse us and our affiliates for the reasonable salaries and benefits of personnel who manage and administer, or otherwise provide assistance or services to, the Brand Fund; the Brand Fund's administrative costs; TRE of our personnel while they are on Brand Fund business; meeting costs; overhead relating to Brand Fund business; and other expenses we and our affiliates incur administering or directing the Brand Fund and its programs, including conducting market research, preparing Marketing Materials, collecting and accounting for Brand Fund contributions, paying taxes due on Brand Fund contributions we receive, and any other costs or expenses we incur operating or as a consequence of the Fund.

The Brand Fund is not a trust, and we do not owe you fiduciary obligations because we maintain, direct, or administer the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We may use new Brand Fund contributions to pay Brand Fund deficits incurred during previous years. We will use all interest earned on Brand Fund contributions to pay costs before using the Brand Fund's other assets. We will have the Brand Fund reviewed annually, at the Brand Fund's expense, by a certified public accountant we designate within one-hundred-twenty (120) days after our fiscal-year end. We will post the review on the System Website within thirty (30) days after it has been completed or otherwise give you a copy of it upon reasonable request. We may incorporate the Brand Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section 13.A.

The Brand Fund's principal purposes are to maximize recognition of the Marks, increase patronage of DAYBASEs, and enhance, promote, and protect the DAYBASE brand and Franchise System. Although we will try to use the Brand Fund in the aggregate to develop and implement Marketing Materials and programs benefiting all DAYBASEs, we need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund contributions by DAYBASEs operating in that geographic area or that any DAYBASE benefits directly or in proportion to its Brand Fund contribution from the development of Marketing Materials or the implementation of programs. The Brand Fund will not be used principally to develop materials and programs to solicit franchisees. However, media, materials, and programs (including the System Website) prepared using Brand Fund contributions may describe our franchise program, reference the availability of franchises and related information, and process franchise leads. We have the right, but no obligation, to use collection agents and institute legal proceedings at the Brand Fund's expense to collect unpaid Brand Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Brand Fund. Except as expressly provided in this Section 13.A, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Brand Fund.

We may at any time defer or reduce the Brand Fund contributions of any DAYBASE franchisee and, upon thirty (30) days' prior written notice to you, reduce or suspend Brand Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Brand Fund. If we terminate the Brand Fund, we will either (i) spend the remaining Fund balance on permitted programs and expenditures or (ii) distribute all unspent funds to our then-existing franchisees, and to us and our affiliates, in proportion to their and our respective Brand Fund contributions during the preceding twelve (12) month period.

B. Approval of Marketing and Other External Communications

All advertising, promotion, marketing, and public relations activities you conduct and Marketing Materials you prepare must be legal and not misleading and conform to the policies set forth in the Operations Manual or that we otherwise prescribe from time to time. To protect the goodwill that we and certain of our affiliates have accumulated in the "DAYBASE" name and other Marks, at least thirty (30) days before you intend to use them, you must send us samples or proofs of (a) all Marketing Materials we have not prepared or already approved, and (b) all Marketing Materials we have prepared or already approved which you propose to change in any way. However, you need not send us any Marketing Materials in which you have simply completed the missing Workspot-specific or pricing information based on templates we sent you. If we do not approve your Marketing Materials in writing within thirty (30) days after we actually receive them, they will be deemed disapproved for use. We will not unreasonably withhold our approval. You may not use any Marketing Materials we have not approved or have disapproved. We reserve the right upon thirty (30) days' prior written notice to require you to discontinue using any previously approved Marketing Materials.

C. Local Community Building

You agree to spend the following minimum amounts of the Workspot's projected annual Gross Revenue (based upon your Workspot's previous six (6) months' performance, except for

the first six (6) months of the Term, for which you and we will agree upon a projection) on approved and designated Marketing Materials and advertising, marketing, and promotional programs targeted at building community awareness and loyalty for the Workspot in the Area of Protection (the “**Community Building Spending Requirement**”):

(i) three percent (3%) of such projected annual Gross Revenue if the Workspot had fewer than 400 Home Members at any time during the immediately preceding six (6) months;

(ii) two percent (2%) of such projected annual Gross Revenue if the Workspot had between 401 and 599 Home Members at any time during the immediately preceding six (6) months; or

(iii) one percent (1%) of such projected annual Gross Revenue if the Workspot had more than 600 Home Members at all times during the immediately preceding six (6) months.

The term “**Home Member**” means a paying customer of the Franchise System who has purchased a DAYBASE membership and has designated your Workspot to be its primary DAYBASE location.

You must help us prepare for you a local marketing plan for the Community Building Spending Requirement. We will not count any of the following expenditures towards your Community Building Spending Requirement: Brand Fund contributions, price discounts or reductions you provide as a promotion, permanent on-premises signs, lighting, personnel salaries, administrative costs, transportation vehicles (even if they display the Marks), employee incentive programs, and other amounts that we, in our reasonable judgment, deem inappropriate to satisfy the Community Building Spending Requirement. We may review your books and records, and require you to submit reports periodically, to determine your advertising, marketing, and promotion expenses. If you fail to spend (or prove that you spent) the Community Building Spending Requirement, we may, in addition to and without limiting our other rights and remedies, require you to contribute the shortfall to the Brand Fund for use as provided in Section 13.A above. Despite anything above, we may require you to pay us the Community Building Spending Requirement, which we will then spend for you in your Area of Protection for the materials and activities described above.

You acknowledge that the marketing activities in which you engage will materially affect your Workspot’s success or lack of success. While you agree to the Community Building Spending Requirement above, that amount might be insufficient for you to achieve your business objectives.

D. Regional Advertising Cooperatives

We may designate a geographic area for an advertising cooperative (a “**Cooperative**”). The Cooperative’s members in any area are the owners of all DAYBASEs located and operating in that area (including us and our affiliates, if applicable). Each Cooperative will be organized and governed in a form and manner, and begin operating on a date, we determine. We may

change, dissolve, and merge Cooperatives. Each Cooperative's purpose is, with our approval, to administer advertising programs and develop Marketing Materials for the area the Cooperative covers. If, as of the Effective Date, we have established a Cooperative for the geographic area in which the Workspot is located, or if we establish a Cooperative in that area during the Term, you automatically will become a member of the Cooperative and then must participate as its governing documents require. We reserve the right to require you to contribute up to two percent (2%) of the Workspot's monthly Gross Revenue to the Cooperative. All of the Cooperative dues you contribute will count toward the Community Building Spending Requirement under Section 13.C but will not affect your market introduction program obligations under Section 5.B or be credited toward your required Brand Fund contributions.

E. System Website

We or our designees may establish a website or series of websites (with or without restricted access) for the DAYBASE network: (1) to advertise, market, identify, and promote DAYBASEs, the services and products they offer, and/or the DAYBASE franchise opportunity; (2) to help us operate the DAYBASE network; and/or (3) for any other purposes we deem appropriate for DAYBASEs (collectively, the "**System Website**"). The System Website need not provide you with a separate interior webpage or "micro-site" referencing your Workspot. You must give us the information and materials we request for you to participate in the System Website. In doing so, you represent that they are accurate and not misleading and do not infringe another party's rights. We will own all intellectual property and other rights in the System Website and all information it contains (including, without limitation, any Customer Personal Data).

We will control, and may use Brand Fund contributions to develop, maintain, operate, update, and market, the System Website. We have final approval rights over all information on the System Website. We may implement and periodically modify Brand Standards for the System Website.

We will allow you to participate in the System Website only while you are in substantial compliance with this Agreement and all Brand Standards (including those for the System Website). If you are in material default of any obligation under this Agreement or Brand Standards, we may, in addition to our other remedies, temporarily suspend your participation in the System Website until you fully cure the default. We will permanently terminate your access to and participation in the System Website upon this Agreement's expiration or termination.

All Marketing Materials you develop for the Workspot must comply with Brand Standards and contain notices of the System Website's URL in the manner we periodically designate. You may not develop, maintain, or authorize any Digital Marketing or Social Media mentioning or describing the Workspot or displaying any Marks without our prior written approval and, if applicable, without complying with our Brand Standards for such Digital Marketing and Social Media. Except for the System Website and approved Digital Marketing and Social Media, you may not conduct commerce or directly or indirectly offer or sell any products or services using any Digital Marketing, Social Media, or website.

Nothing in this Section limits our right to maintain websites other than the System Website or to offer and sell services and products under the Marks from the System Website, another website, or otherwise over the Internet without payment or any other obligation to you.

14. Records, Reports, and Financial Statements

In order to assure consistency and reliability with respect to the various forms of financial reporting you must make to us, you must establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats (including, at our option, the accounting methods and chart of accounts) we prescribe from time to time. We also may require the Workspot to use a designated accounting system (whether or not proprietary to us or our affiliates). The records and information contained in any bookkeeping, accounting, and recordkeeping system we require will not include any records or information relating to the Workspot's employees, as you control exclusively your labor relations and employment practices. You must use a Computer System to maintain certain revenue data and other information (including Customer Personal Data) and give us access to that data and other information (but excluding employee records, as you control exclusively your labor relations and employment practices) in the manner we specify. We may, as often as we deem appropriate (including on a daily, continuous basis), independently access the Computer System and retrieve all information regarding the Workspot's operation (other than Workspot employee records, as you control exclusively your labor relations and employment practices). You must give us:

- i. on or before the Payment Day, statistical reports showing the Workspot's total Gross Revenue, customer count, and other information we request regarding you and the Workspot covering the previous monthly period;
- ii. within thirty (30) days after the end of each fiscal quarter, the Workspot's operating statements and financial statements (including a balance sheet and cash flow and profit and loss statements) as of the end of that fiscal quarter;
- iii. within ninety (90) days after the end of each of your fiscal years, annual profit and loss and cash flow statements, a balance sheet for the Workspot as of the end of the previous fiscal year, and a narrative written description of your year-end operating results; and
- iv. within fifteen (15) days after our request, exact copies of federal and state income, sales tax, and other tax returns and any other forms, records, books, reports, and other information we periodically require relating to you or the Workspot (other than Workspot employee records, as you control exclusively your labor relations and employment practices).

We may periodically specify the form and content of the reports and financial statements described above. You must verify and sign each report and financial statement in the manner we prescribe. We have the right to disclose data from such reports and statements (and to identify the Workspot as the source of such reports and statements) for any business purpose we determine in our sole judgment, including the right to identify the Workspot and disclose its

individual financial results in both a financial performance representation appearing in Item 19 of our Franchise Disclosure Document and a supplemental financial performance representation.

You agree to preserve and maintain all records, in the manner we periodically specify, in a secure location at the Workspot or at another location we have approved in writing for at least five (5) years after the end of the fiscal year to which such records relate or for any longer time the Law requires. If we reasonably determine that any report or financial statement you send us is willfully or recklessly, and materially, inaccurate, we may require you to prepare, at your own expense, audited financial statements annually during the Term until we determine that your reports and statements accurately reflect the Workspot's business and operations.

15. Inspections and Audits

A. Inspections

To determine whether you and the Workspot are complying with this Agreement and all Brand Standards, we and our designated representatives and vendors (including "mystery" shoppers) have the right before you open the Workspot for business and afterward from time to time during your regular business hours, and without prior notice to you, to inspect and evaluate the Workspot, observe and record operations (including through electronic monitoring), remove samples of products and supplies, interview and interact with the Workspot's supervisory employees and customers, inspect all books and records relating to the Workspot, and access all electronic records on your Computer System (in all cases excluding records relating to labor relations and employment practices, as you control exclusively labor relations and employment practices for Workspot employees). You must cooperate with us and our representatives and vendors in those activities. We will give you a written summary of the evaluation. Without limiting our other rights and remedies under this Agreement, you must promptly correct at your own expense all deficiencies (i.e., failures to comply with Brand Standards) noted by our evaluators within the time period we specify after you receive notice of those deficiencies. We then may conduct one or more follow-up evaluations to confirm that you have corrected the deficiencies and otherwise are complying with this Agreement and all Brand Standards. You must pay the actual costs of the first follow-up audit, including our personnel's daily charges (including wages) and TRE. We may charge you a Two Thousand Five Hundred Dollar (\$2,500) inspection fee for the second and each follow-up evaluation we make and for each inspection you specifically request. If you fail to correct a deficiency at the Workspot or in its operation after these inspections, we may (short of taking over the Workspot's management) take the required action for you, in which case you must immediately reimburse all of our costs.

Because we do not have the right to inspect your employment records, you agree to confirm for us periodically (in the manner specified in Brand Standards) that the Workspot's employees have all certifications required by Law.

B. Our Right to Audit

We and our designated representatives may at any time during your business hours, and without prior notice to you, examine the Workspot's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records (other than records we have

no authority to control and/or remedy, such as your employment records, as you control exclusively your labor relations and employment practices). You must fully cooperate with our representatives and independent accountants conducting any inspection or audit. If any inspection or audit discloses an understatement of the Workspot's Gross Revenue, you must pay us, within ten (10) days after receiving the inspection or audit report, the amounts due on the understatement plus our administrative fee and interest from the date originally due until the date of payment. If any inspection or audit discloses an overstatement of the Workspot's Gross Revenue, we will credit you (without interest) for the overpayment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records, or other information as required or on a timely basis, or if our examination reveals an understatement exceeding two percent (2%) of the amount you actually reported to us for the period examined, you must reimburse our costs for the examination, including, without limitation, legal fees, independent accountants' fees, and compensation and TRE for our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable Law.

16. Transfer

A. Transfer by Us

We may change our ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After we assign this Agreement to a third party that expressly assumes this Agreement's obligations, we no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to you as if it had been an original party to this Agreement. Specifically and without limiting the foregoing, you agree that we may sell our assets (including this Agreement), the Marks, and/or the Franchise System to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

B. Transfer by You and Definition of Transfer

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners, and we have granted you the rights under this Agreement in reliance upon our perceptions of your and your owners' character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the Workspot or any right to receive all or a portion of the profits, losses, or capital appreciation relating to the Workspot; (iii) all or substantially all of the Operating Assets; (iv) any ownership interest in you; nor (v) a controlling ownership interest in an Entity with an ownership interest in you, may be transferred without our prior written approval. A transfer of the Workspot's ownership, possession, or control, or all or substantially all of the Operating Assets, may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing our then-current form of franchise agreement and related documents, as we may require). Any transfer without our prior written approval is a breach of this Agreement and has no effect, meaning you and your owners will continue to be obligated to us for all your obligations under this Agreement.

In this Agreement, the term “**transfer**” includes a voluntary, involuntary, direct, or indirect assignment, conveyance, sale, gift, or other disposition, including the following events:

- i. transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the Workspot;
- ii. a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;
- iii. any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner’s voting rights or to control your (or an Entity with an ownership interest in you) or the Workspot’s operations or affairs;
- iv. transfer in a divorce, insolvency, or Entity dissolution proceeding or otherwise by operation of law;
- v. transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or
- vi. pledge of this Agreement (to someone other than us) or of an ownership interest in you or your owners as security or collateral, foreclosure upon or attachment or seizure of the Workspot, or your transfer, surrender, or loss of the Workspot’s possession, control, or management. You may grant a security interest (including a purchase money security interest) in the Workspot’s assets (not including this Agreement or the franchise rights) to a lender that finances your acquisition, development, and/or operation of the Workspot without having to obtain our prior written approval as long as you give us ten (10) days’ prior written notice. Notwithstanding the above, you may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise your proposed lenders of this restriction. This Agreement and the franchise rights granted to you by this Agreement may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment, or execution by your creditors or any financial institution. Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code.

C. Conditions for Approval of Transfer

If you and your owners are in full compliance with this Agreement, then, subject to this Section 16.C's other provisions, we will approve a transfer meeting all of this Section's requirements.

- i. We will approve the transfer of a non-controlling ownership interest in you if the proposed transferee and its owners are of good moral character, have no ownership interest in and do not perform services for (and have no affiliates with an ownership interest in or performing services for) a Competitive Business, otherwise meet our then-applicable standards for non-controlling owners of DAYBASE franchisees, sign our then-current form of Guaranty and Assumption of Obligations and pay us a Five-Thousand Dollar (\$5,000) transfer fee. The term “**controlling ownership interest**” is defined in Section 21.M.
- ii. If the proposed transfer involves the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, or is one of a series of transfers (regardless of the timeframe over which those transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you, then all of the following conditions must be met before or concurrently with the proposed transfer's effective date (provided, however, there may be no such transfer until after the Workspot has opened for business):
 - a. (i) the transferee and its direct and indirect owners have the necessary business experience, aptitude, and financial resources to operate the Workspot, (ii) the transferee otherwise is qualified under our then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for DAYBASEs to which they then are parties with us), and (iii) the transferee and its owners are not restricted by another agreement (whether or not with us) from purchasing the Workspot or the ownership interest in you or the Entity that owns a controlling ownership interest in you;
 - b. you have paid all required Royalties, Software License Fees, Brand Fund contributions, Sales Fees, Success Center Fees, and other amounts owed to us and our affiliates relating to this Agreement and the Workspot, have submitted all required reports and statements, and are not in breach of any provision of this Agreement or another agreement with us or our affiliates relating to the Workspot;

- c. neither the transferee nor any of its direct or indirect owners or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;
- d. the transferee's management personnel, if different from your management personnel, satisfactorily complete our then-current Initial Training;
- e. the transferee has the right to occupy the Workspot's site for the expected franchise term;
- f. the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or you and your owners (if the transfer is of a controlling ownership interest in you or in an Entity owning a controlling ownership interest in you), if we so require, sign our then-current form of franchise agreement and related documents (including a Guaranty and Assumption of Obligations), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, provided, however, that (i) the term of the new franchise agreement signed will equal the unexpired portion of this Agreement's Term, (ii) the Royalty, Software License Fee, and Brand Fund contribution levels specified in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term), and (iii) the Area of Protection defined in this Agreement will be substituted into the then-current form of franchise agreement that you sign for the balance of the initial franchise term (i.e., the unexpired portion of the Term);
- g. you or the transferee pays us a transfer fee equal to Forty-Thousand Dollars (\$40,000);
- h. the transferee agrees to repair and/or replace Operating Assets and upgrade the Workspot in accordance with our then-current requirements and specifications for new DAYBASEs within the timeframe we specify following the transfer's effective date;
- i. you (and your transferring owners) sign a general release, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;
- j. we have determined that the purchase price, payment terms, and required financing will not adversely affect the transferee's operation of the Workspot;

- k. if you or your owners finance any part of the purchase price, you and they agree that the transferee's obligations under promissory notes, agreements, or security interests reserved in the Operating Assets or ownership interests in you are subordinate to the transferee's (and its owners') obligation to pay Royalties, Software License Fees, Brand Fund contributions, Sales Fees, Success Center Fees, and other amounts due to us and our affiliates and otherwise to comply with this Agreement;
- l. you and your transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer's effective date, not to engage in any activity proscribed in Section 19.E below; and
- m. you and your transferring owners will not directly or indirectly at any time afterward or in any manner (except with other DAYBASEs you or they own or operate): (i) identify yourself or themselves in any business as a current or former DAYBASE or as one of our franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, or other indicia of a DAYBASE for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.

If the proposed transfer is to or among your owners, your or their Immediate Family members, or an Entity you control, then the transfer fee in clause (g) will be Fifteen-Thousand Dollars (\$15,000). You acknowledge that we have legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with you, and our contact with potential transferees to protect our business interests will not constitute improper or unlawful conduct. You expressly authorize us to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding your operation of the Workspot, and to withhold consent for the reasons specified above. You waive any claim that the action we take in good faith to protect our business interests in connection with a proposed transfer constitutes tortious interference with contractual or business relationships. Similarly, we may review all information regarding the Workspot you give the proposed transferee, correct any information we believe is inaccurate, and give the proposed transferee copies of any reports you have given us or we have made regarding the Workspot.

Notwithstanding anything to the contrary in this Section 16, we need not consider a proposed transfer of a controlling or non-controlling ownership interest in you, or a proposed transfer of this Agreement, until you (or an owner) and the proposed transferee first send us a copy of the bona fide offer to purchase or otherwise acquire the particular interest from you (or the owner). For an offer to be considered "bona fide," we may require it to include a copy of all

proposed agreements between you (or your owner) and the proposed transferee related to the sale, assignment, or transfer.

D. Transfer to a Wholly-Owned or Affiliated Entity

Notwithstanding Section 16.C above, if you are in full compliance with this Agreement, you may transfer this Agreement, together with the Operating Assets and all other assets associated with the Workspot, to an Entity that will conduct no business other than the Workspot and, if applicable, other DAYBASEs and of which you or your then-existing owners own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all Workspot assets are owned, and the Workspot is operated, only by that single Entity. The Entity must expressly assume all of your obligations under this Agreement, but you will remain personally liable under this Agreement as if the transfer to the Entity did not occur. Transfers of ownership interests in that Entity are subject to the restrictions in Section 16.C.

E. Death or Disability

i. Transfer Upon Death or Disability

Upon the death or disability of one of your owners, that owner's executor, administrator, conservator, guardian, or other personal representative (the "**Representative**") must transfer the owner's ownership interest in you (or an owner) to a third party. That transfer (including transfer by bequest or inheritance) must occur, subject to our rights under this Section 16.E, within a reasonable time, not to exceed six (6) months from the date of death or disability and is subject to all terms and conditions in this Section 16. A failure to transfer such interest within this time period is a breach of this Agreement.

ii. Operation upon Death or Disability

If, upon the death or disability of any of your owners, the Workspot's day-to-day operations are not being managed by a Managing Owner or trained manager, then you or the Representative (as applicable) must within a reasonable time, not to exceed thirty (30) days from the date of death or disability, hire a new manager to operate the Workspot. The manager must at your expense satisfactorily complete the training we designate within the time period we specify. We have the right to assume the Workspot's management, as described in Section 18.C, for the time we deem necessary if the Workspot is not in our opinion being managed properly upon the death or disability of one of your owners.

F. Effect of Consent to Transfer

Our consent to any transfer is not a representation of the fairness of any contract terms between you (or your owner) and the transferee, a guarantee of the Workspot's or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand full compliance with this Agreement.

G. Our Right of First Refusal

If you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you at any time determines to sell or transfer for consideration the franchise rights granted by this Agreement and the Workspot (or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you (except to or among your current owners or in a transfer under Section 16.D, which are not subject to this Section 16.G), you agree to obtain from a responsible and fully-disclosed buyer, and send us, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 16.C above, we may require to include a copy of all proposed agreements related to the sale or transfer). The offer must include details of the proposed sale's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed-dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to the rights granted by this Agreement and the Workspot (or all or substantially all of its Operating Assets), a controlling ownership interest in you, or a controlling ownership interest in an Entity with a controlling ownership interest in you. It may not relate to any other interests or assets. We may require you (or your owners) to send us copies of any materials or information you send to the proposed buyer or transferee regarding the possible transaction.

We may, by written notice delivered to you within thirty (30) days after we receive both an exact copy of the offer and all other information we request, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (i) we may substitute cash for any form of payment proposed in the offer; (ii) our credit will be deemed equal to the credit of any proposed buyer; (iii) the closing will be not less than sixty (60) days after we notify you of our election to purchase or, if later, the closing date proposed in the offer; (iv) you and your owners must sign the general release described in Section 16.C.ii(i) above; and (v) we must receive, and you and your owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or of ownership interests in an Entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; your and your owners' authorization to sell, as applicable, any ownership interests or assets without violating any Law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Workspot before the closing of our purchase. If the offer is to purchase all of your ownership interests, we may elect instead to purchase all of the Workspot's assets (and not any of your ownership interests) on the condition that the amount we pay you for such assets equals the full value of the transaction as proposed in the offer (i.e., the value of all assets to be sold and of all liabilities to be assumed).

Once you or your owners submit the offer and related information to us triggering the start of the thirty (30) day decision period referenced above, the offer is irrevocable for that thirty (30) day period. This means we have the full thirty (30) days to decide whether to exercise the right of first refusal and may choose to do so even if you or your owners change your, his, her, or

its mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. You and your owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and we may exercise the right to purchase the particular interest in accordance with this Section's terms.

If we exercise our right of first refusal and close the transaction, you and your transferring owners agree that, for two (2) years beginning on the closing date, you and they (and members of your or their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we approve the transfer as provided in this Section 16. If you or your owners do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the sale's terms (which you agree to tell us promptly), we will have an additional right of first refusal during the thirty (30) days following either expiration of the sixty (60) day period or our receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our option.

We have the unrestricted right to assign this right of first refusal to a third party (including an affiliate), which then will have the rights described in this Section 16.G. We waive our right of first refusal for sales or transfers to Immediate Family members meeting the criteria in Section 16.C.

17. Expiration of Agreement

When this Agreement expires (unless it is terminated sooner), you will have the right to acquire a successor franchise to continue operating the Workspot as a DAYBASE for ten (10) years under our then-current form of franchise agreement, but only if you have:

- i. requested in writing a business review at least six (6) months, but not more than nine (9) months, before the end of the Term;
- ii. substantially complied with all of your obligations under this Agreement and all other agreements with us or our affiliates related to the Workspot, and operated the Workspot in substantial compliance with Brand Standards, during the Term, as noted in the business review we conduct; and
- iii. remodeled and upgraded the Workspot and otherwise brought the Workspot into full compliance with then-applicable specifications and standards for new DAYBASEs (regardless of cost) before this Agreement expires.

To acquire a successor franchise, you and your owners must: (i) sign our then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalties, Software License Fees, and Brand Fund contributions (provided that the Area of Protection will remain the same during the successor franchise), and will be modified to reflect that it is for a successor

franchise; (ii) pay us a successor franchise fee equal to Five Thousand Dollars (\$5,000); and (iii) sign a general release in the form we specify as to any and all claims against us, our affiliates, and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If you fail to sign and return the documents referenced above, together with the successor franchise fee, within thirty (30) days after we deliver them to you, that will be deemed your irrevocable election not to acquire a successor franchise. If you (and your owners) are not, both on the date you give us written notice of your election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with us or our affiliates related to the Workspot, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its Term under Section 18. We may condition our grant of a successor franchise on your completing certain requirements on or before designated deadlines following commencement of the successor franchise term.

18. Termination of Agreement

A. Termination by You

You may terminate this Agreement if we materially breach any of our obligations under this Agreement and fail to correct that breach within thirty (30) days after you deliver written notice to us of the breach; provided, however, if we cannot reasonably correct the breach within those thirty (30) days but give you, within the thirty (30) days, evidence of our effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Your termination of this Agreement other than according to this Section 18.A will be deemed a termination without cause and your breach of this Agreement.

B. Termination by Us

We may, at our option, terminate this Agreement, effective immediately upon delivery of written notice of termination to you, upon the occurrence of any one of the following events:

- i. you (or any of your direct or indirect owners) have made or make any material misrepresentation or omission in connection with your application for and acquisition of the franchise or your operation of the Workspot, including, without limitation, by intentionally or through your gross negligence understating the Workspot's Gross Revenue for any period;
- ii. you fail (a) to obtain our written acceptance of the site, to secure the accepted site under a Lease we accept, or otherwise to meet any development obligation identified in Section 4 on or before the required deadline, or (b) to develop, open, and begin operating the Workspot in compliance with this Agreement and Brand Standards (including with a fully-trained staff) on or before the Opening Deadline (unless extended with our approval);

- iii. you (a) abandon the Workspot, meaning you have deserted, walked away from, or closed the Workspot under circumstances leading us to conclude that you have no intent to return to the Workspot, regardless of how many days have passed since the apparent abandonment, or (b) fail actively and continuously to operate the Workspot (a failure to operate the Workspot for over three (3) consecutive days will be deemed a default under this clause (b), except where closure is due to fire, riot, flood, terrorist acts, or natural disaster and you notify us within three (3) days after the particular occurrence to obtain our written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before we will require you to re-open);
- iv. you, any of your owners, or the owner of a controlling ownership interest in an Entity with an ownership interest in you makes a purported transfer in violation of Section 16;
- v. you (or any of your direct or indirect owners) are or have been convicted by a trial court of, or plead or have pleaded guilty or no contest to, a felony;
- vi. you (or any of your direct or indirect owners) engage in any dishonest, unethical, immoral, or similar conduct as a result of which your (or the owner's) association with the Workspot (or the owner's association with you) could, in our reasonable opinion, have a material adverse effect on the goodwill associated with the Marks;
- vii. a lender forecloses on its lien on a substantial and material portion of the Workspot's assets;
- viii. an entry of judgment against you involving aggregate liability of Twenty-Five Thousand Dollars (\$25,000) or more in excess of your insurance coverage, and the judgment remains unpaid for ten (10) days or more following its entry;
- ix. you (or any of your direct or indirect owners) misappropriate any Confidential Information or violate any provisions of Section 12, including, but not limited to, by holding interests in or performing services for a Competitive Business;
- x. you violate any material Law relating to the Workspot's development, operation, or marketing and do not (a) begin to correct the noncompliance or violation immediately after delivery of written notice (regardless of by whom sent to you) or (b) completely correct the noncompliance or violation within the time period prescribed by Law, unless, in the case of both (a) and (b), you are in good faith contesting your liability for the violation through appropriate proceedings or, in the case of (b) only, you

provide reasonable evidence to us and the relevant authority of your continued efforts to correct the violation within a reasonable time period;

- xi. you fail to report the Workspot's Gross Revenue or to pay us or any of our affiliates any amounts when due and do not correct the failure within five (5) days after delivery of written notice;
- xii. you underreport the Workspot's Gross Revenue by two percent (2%) or more on three (3) separate occasions within any twenty-four (24) consecutive-month period or by five percent (5%) or more during any reporting period;
- xiii. you fail to maintain the insurance this Agreement requires or to send us satisfactory evidence of such insurance within the required time, or significantly modify your insurance coverage without our written approval, and do not correct the failure within five (5) days after delivery of written notice;
- xiv. you fail to pay when due any federal or state income, service, sales, employment, or other taxes due on the Workspot's operation, unless you are in good faith contesting your liability for such taxes through appropriate proceedings;
- xv. you (or any of your direct or indirect owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive-month period to comply with this Agreement, whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A), or (b) fail on two (2) or more separate occasions within any six (6) consecutive-month period to comply with the same obligation under this Agreement, whether or not you correct the failures after our delivery of notice to you (which includes failures identified and reported to you during any inspection we conduct under Section 15.A);
- xvi. you fail to pay amounts you owe to our designated, approved, or recommended suppliers within thirty (30) days following the due date (unless you are contesting the amount in good faith), or you default (and fail to cure within the allocated time) under any note, lease, or agreement we deem material relating to the Workspot's operation or ownership, and do not correct the failure within five (5) days after delivery of written notice;
- xvii. you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or a substantial part of your property; the Workspot is attached, seized, or levied upon, unless the attachment, seizure, or levy is vacated within

sixty (60) days; or any order appointing a receiver, trustee, or liquidator of you or the Workspot is not vacated within sixty (60) days following its entry;

- xviii. your or any of your owners' assets, property, or interests are blocked under any Law relating to terrorist activities, or you or any of your owners otherwise violate any such Law;
- xix. you lose the right to occupy the Workspot's premises due to your Lease default (even if you have not yet vacated the Workspot's premises);
- xx. you lose the right to occupy the Workspot's premises (but not due to your Lease default), or the Workspot is damaged to such an extent that you cannot operate the Workspot at its existing location over a thirty (30) day period, and you fail both to relocate the Workspot to a substitute site we accept and to begin operating the Workspot at that substitute site within one-hundred-eighty (180) days from the first date on which you could not operate the Workspot at its existing location;
- xxi. you fail to comply with any other obligation under this Agreement or any other agreement between us (or any of our affiliates) and you relating to the Workspot, including, without limitation, any Brand Standard, and do not correct the failure to our satisfaction within thirty (30) days after we deliver written notice;
- xxii. you cause or contribute to a Data Security Incident or fail to comply with any requirements to protect Customer Personal Data; or
- xxiii. you fail to achieve an average of forty percent (40%) occupancy on a weekly basis for four (4) consecutive quarters and you have fewer than three hundred (300) Home Members for four (4) consecutive quarters (the "**Minimum Performance Standards**").

C. Assumption of Workspot's Management

(i) If you abandon or fail actively to operate the Workspot for any period, (ii) under the circumstances described in Sections 16.E and 18.D, (iii) if you fail to achieve the Minimum Performance Standards, and (iv) after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the Workspot's assets under Section 19.F, we or our designee has the right (but not the obligation) to enter the site and assume the Workspot's management for any time period we deem appropriate. Our manager will exercise control over the working conditions of the Workspot's employees only to the extent such control is related to our legitimate interest in protecting, and is necessary at that time to protect, the quality of our services, products, or brand. If we assume the Workspot's management, all revenue from the Workspot's operation during our management period will (except as provided below) be kept in a separate account, and all Workspot expenses will be charged to that account. In addition to all other fees and payments owed under this Agreement on account of the Workspot's operation, we

may charge you a reasonable management fee, not to exceed ten percent (10%) of the Workspot's Gross Revenue, plus any out-of-pocket expenses incurred in connection with the Workspot's management. We or our designee will have a duty to use only reasonable efforts and, if we or our designee is not grossly negligent and does not commit an act of willful misconduct, will not be liable to you or your owners for any debts, losses, lost or reduced profits, or obligations the Workspot incurs, or to any of your creditors for any supplies, products, or other assets or services the Workspot purchases, while we or our designee manages it. We may require you to sign our then-current form of management agreement, which will govern the terms of our management of the Workspot.

If we or our designee assumes the Workspot's management due to your abandonment or failure actively to operate the Workspot, or after termination or expiration of this Agreement while we are deciding whether to exercise our right to purchase the Workspot's Operating Assets under Section 19.F, we or our designee may retain all, and need not pay you or otherwise account to you for any, Gross Revenue generated while we or our designee manages the Workspot.

D. Other Remedies upon Default

Upon your failure to remedy any noncompliance with any provision of this Agreement or any Brand Standard, or another default specified in any written notice issued to you under Section 18.B, within the time period (if any) we specify in our notice, we have the right, until the failure has been corrected to our satisfaction, to take any one or more of the following actions:

- i. suspend your right to participate in one or more advertising, marketing, or promotional programs that we or the Brand Fund provides;
- ii. suspend or terminate your participation in any temporary or permanent fee reductions to which we might have agreed (whether as a policy, in an amendment to this Agreement, or otherwise);
- iii. suspend or terminate the Workspot from the Reservation System;
- iv. refuse to provide any operational support this Agreement requires; and/or
- v. assume the Workspot's management, as described in Section 18.C, for the time we deem necessary in order to correct the default, for all of which costs you must reimburse us (in addition to the amounts you must pay us under Section 18.C).

Exercising any of these rights will not constitute an actual or constructive termination of this Agreement or be our sole and exclusive remedy for your default. If we exercise any remedies in this Section 18.D rather than terminate this Agreement, we may at any time after the applicable cure period under the written notice has lapsed (if any) terminate this Agreement without giving you any additional corrective or cure period. During any suspension period, you must continue paying all fees and other amounts due under, and otherwise comply with, this Agreement and all related agreements. Our election to suspend your rights as provided above is not our waiver of

any breach of this Agreement. If we rescind any suspension of your rights, you are not entitled to any compensation (including, without limitation, repayment, reimbursement, refunds, or offsets) for any fees, charges, expenses, or losses you might have incurred due to our exercise of any suspension right provided above.

19. Rights and Obligations upon Termination or Expiration of This Agreement

A. Payment of Amounts Owed

You agree to pay us within fifteen (15) days after this Agreement expires or is terminated, or on any later date we determine the amounts due to us, the Royalties, Software License Fees, Brand Fund contributions, Sales Fees, Success Center Fees, late fees and interest, and other amounts owed to us (and our affiliates) that are then unpaid.

B. De-Identification

Upon termination or expiration of this Agreement, you must de-identify the Workspot in compliance with this Section 19.B and as we reasonably require. De-identification includes, but is not limited to, taking the following actions:

- i. beginning on the De-identification Date (defined below), you and your owners may not directly or indirectly at any time afterward or in any manner (except in connection with other DAYBASEs you or they own and operate): (a) identify yourself or themselves in any business as a current or former DAYBASE or as one of our current or former franchisees; (b) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, any copyrighted items, or other indicia of a DAYBASE for any purpose; or (c) use for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with us.
- ii. within fifteen (15) days after the De-identification Date, you must take the action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark;
- iii. if we do not exercise the option under Section 19.F below, you must, at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within twenty (20) days after the De-identification Date, all signs, Marketing Materials, forms, and other materials containing any Mark. If you fail to do so voluntarily when we require, we and our representatives may enter the Workspot at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;

- iv. if we do not exercise the option under Section 19.F below, you must, at your own cost and without any payment from us for such items, at our option, deliver to us, make available to us for pick-up, or destroy, in any case within thirty (30) days after the De-identification Date, all materials that are proprietary to the DAYBASE brand. If you fail to do so voluntarily when we require, we and our representatives may enter the Workspot at our convenience and remove these items without liability to you, the landlord, or any other third party for trespass or any other claim. You must reimburse our costs of doing so;
- v. if we do not exercise the option under Section 19.F below, you must at your own expense, within twenty (20) days after the De-identification Date, make the alterations we specify to distinguish the Workspot clearly from its former appearance and from other DAYBASEs in order to prevent public confusion. If you fail to do so voluntarily when we require, we and our representatives may enter the Workspot at our convenience and take this action without liability to you, your landlord, or any other third party for trespass or any other claim. We need not compensate you or the landlord for any alterations. You must reimburse our costs of de-identifying the Workspot;
- vi. you must, within fifteen (15) days after the De-identification Date, notify the telephone company and all telephone directory publishers (both web-based and print) of the termination or expiration of your right to use any telephone, facsimile, or other numbers and telephone directory listings associated with any Mark; authorize, and not interfere with, the transfer of those numbers and directory listings to us or at our direction; and/or instruct the telephone company to forward all calls made to your numbers to numbers we specify. If you fail to do so, we may take whatever action and sign whatever documents we deem appropriate on your behalf to effect these events; and
- vii. you must immediately cease using or operating any Digital Marketing and Social Media related to the Workspot or the Marks, take all action required to disable Digital Marketing and Social Media accounts, and cancel all rights in and to any accounts for such Digital Marketing and Social Media (unless we request you to assign them to us).

The “**De-identification Date**” means: (i) if we exercise the option under Section 19.F, the closing date of our (or our designee’s) purchase of the Workspot’s assets; or (ii) if we do not exercise the option under Section 19.F, the date upon which that option expires or we notify you of our decision not to exercise, or to withdraw our previous exercise, of that option, whichever occurs first.

C. Confidential Information

Upon termination or expiration of this Agreement, you and your owners must immediately cease using any of our Confidential Information in any business or otherwise and return to us all copies of the Operations Manual and any other confidential materials to which we gave you access. You may not sell, trade, or otherwise profit in any way from any Customer Personal Data or other Confidential Information at any time after expiration or termination of this Agreement.

D. Notification to Customers

Upon termination or expiration of this Agreement, we have the right to contact (at our expense) previous, current, and prospective customers to inform them that a DAYBASE no longer will operate at the Workspot's location or, if we intend to exercise the option under Section 19.F, that the Workspot will operate under new management. We also have the right to inform them of other nearby DAYBASEs. Exercising these rights will not constitute interference with your contractual or business relationship with those customers. You acknowledge and agree that all customers of your Workspot during the term of this Agreement are Franchise System customers and not proprietary to you or your Workspot.

E. Covenant Not to Compete

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), you and your owners agree that neither you, they, nor any member of your or their Immediate Families will:

- i. have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in any Competitive Business located or operating:
 - a. at the Workspot's site; or
 - b. within thirty (30) miles of the Workspot's site; or
 - c. within thirty (30) miles of another DAYBASE in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E,

provided that this restriction does not prohibit ownership of shares of a class of securities publicly traded on a United States stock exchange and representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding; or
- ii. perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business located or operating:

- a. at the Workspot's site; or
- b. within thirty (30) miles of the Workspot's site; or
- c. within thirty (30) miles of another DAYBASE in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section 19.E.

You, each owner, and your and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's termination or expiration. However, if a restricted person does not begin to comply with these competitive restrictions immediately, the two (2) year restrictive period for that non-compliant person will not start to run until the date on which that person begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2) year restrictive period for a restricted person will be suspended whenever that restricted person breaches this Section and will resume when that person resumes compliance. The restrictive period also will be tolled automatically during the pendency of a proceeding in which either party challenges or seeks to enforce these competitive restrictions. These restrictions also apply after transfers and other events, as provided in Section 16 above. You (and your owners) expressly acknowledge that you (and they) possess skills and abilities of a general nature and have other opportunities for exploiting those skills. Consequently, our enforcing the covenants made in this Section 19.E will not deprive you (and them) of personal goodwill or the ability to earn a living.

F. Option to Purchase Operating Assets

i. Exercise of Option

Upon our termination of this Agreement in compliance with its terms, your termination of this Agreement without cause, or expiration of this Agreement (without the grant of a successor franchise), we have the option, exercisable by giving you written notice before or within thirty (30) days after the effective date of termination or expiration, to purchase the Operating Assets and other assets associated with the Workspot's operation that we designate. We have the unrestricted right to assign this purchase option to a third party (including an affiliate), which then will have the rights and obligations described in this Section 19.F. (All references in this Section 19.F. to "we" or "us" include our assignee if we have exercised our right to assign this purchase option to a third party.) We are entitled to all customary representations, warranties, and indemnities in our asset purchase, including representations and warranties regarding ownership and condition of, and title to, assets; liens and encumbrances on assets; validity of contracts and liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Workspot before the closing of our purchase.

If you or one of your affiliates owns the site at which the Workspot is located, we (or our assignee) may elect to lease that site from you or the affiliate for an initial five (5) or ten (10) year term (at our option), with one (1) renewal term of five (5) or ten (10) years (again at our

option), on commercially reasonable terms. If you lease the Workspot's site from an unaffiliated lessor, you agree (at our option) to assign the Lease to us or to enter into a sublease for the remainder of the Lease term on the same terms (including renewal options) as the Lease.

ii. Purchase Price

If we elect to purchase all or substantially all of the Operating Assets and other assets associated with the Workspot's operation, the purchase price for those assets will be their fair market value, although fair market value will not include any value for (a) the franchise or any rights granted by this Agreement, (b) goodwill attributable to our Marks, brand image, and other intellectual property, or (c) participation in the network of DAYBASEs. In all cases, we may exclude from the assets purchased any Operating Assets or other items not reasonably necessary (in function or quality) to the Workspot's operation or that we have not approved as meeting Brand Standards; the purchase price will reflect those exclusions. We and you must work together in good faith to agree upon the assets' fair market value within fifteen (15) days after we deliver our notice exercising our right to purchase. If we and you cannot agree on fair market value within this fifteen (15) day period, fair market value will be determined by the following appraisal process.

Fair market value will be determined by one (1) independent accredited appraiser upon whom we and you agree who, in conducting the appraisal, will be bound by the criteria specified above. We and you agree to select the appraiser within fifteen (15) days after we deliver our purchase notice (if we and you do not agree on fair market value before then). If we and you cannot agree on a mutually-acceptable appraiser within the fifteen (15) days, we will send you a list of three (3) independent appraisers, and you must within seven (7) days select one (1) of them to be the designated appraiser to determine the purchase price. Otherwise, we have the right to select the appraiser. We and you will share equally the appraiser's fees and expenses. Within thirty (30) days after delivery of notice invoking the appraisal mechanism, we and you each must send the appraiser our and your respective calculations of the purchase price, with such detail and supporting documents as the appraiser requests and according to the criteria specified above. Within fifteen (15) days after receiving both calculations, the appraiser must decide whether our proposed purchase price or your proposed purchase price most accurately reflects the assets' fair market value. The appraiser has no authority to compromise between the two (2) proposed purchase prices; it is authorized only to choose one or the other. The appraiser's choice will be the purchase price and is final.

iii. Closing

We will pay the purchase price at the closing, which will take place not later than thirty (30) days after the purchase price is determined. However, we may decide after the purchase price is determined not to complete the purchase and will have no liability to you for choosing not to do so. We may set off against the purchase price, and reduce the purchase price by, any and all amounts you owe us (or our affiliates). At the closing, you agree to deliver instruments transferring to us: (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and transfer taxes paid by you; (b) all of the Workspot's licenses and permits that may be assigned; and (c) possessory rights to the Workspot's site.

If you cannot deliver clear title to all purchased assets, or if there are other unresolved issues, the sale will be closed through an escrow. You and your owners further agree to sign general releases, in a form satisfactory to us, of any and all claims against us and our affiliates and our and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns. If we exercise our rights under this Section 19.F, then for two (2) years beginning on the closing date, you and your owners (and members of your and their Immediate Families) will be bound by the non-competition covenants contained in Section 19.E.

G. Liquidated Damages

If we terminate this Agreement for cause under Section 18.B, or if you terminate this Agreement without cause, before the Term's scheduled expiration date, you acknowledge and confirm that we will suffer substantial damages as a result of such termination, including Brand Damages. "**Brand Damages**" means lost Royalties, lost Brand Fund Contributions, lost market penetration and goodwill, loss of DAYBASE representation in the Workspot's market area, customer confusion, lost opportunity costs, and expenses that we will incur in developing or finding another franchisee to develop another DAYBASE in the Workspot's market area. We and you acknowledge that Brand Damages are difficult to estimate accurately, and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful to us. Therefore, upon termination of this Agreement, as provided above, before the Term's scheduled expiration date, you agree to pay us in a lump sum, within the timeframe we specify, liquidated damages equal to the product of either twenty-four (24) or the number of months that would have remained in the Term (as of the effective date of termination) had it not been terminated, whichever is shorter, multiplied by the average monthly Royalties and Brand Fund contributions that were due and payable to us during the twelve (12) months before the month of termination (or for such lesser period that the Workspot has been open, if less than twelve (12) months).

You agree that the liquidated damages calculated under this Section 19.G represent the best estimate of our Brand Damages arising from any termination of this Agreement before the Term expires. Your payment of the liquidated damages to us will not be considered a penalty but, rather, a reasonable estimate of fair compensation to us for the Brand Damages we will incur because this Agreement did not continue for the Term's full length. You acknowledge that your payment of liquidated damages is full compensation to us only for the Brand Damages resulting from the early termination of this Agreement and is in addition to, and not in lieu of, your obligations to pay other amounts due to us under this Agreement as of the effective date of termination and to comply strictly with the de-identification procedures of Section 19.B and your other post-termination obligations. If any valid law or regulation governing this Agreement limits your obligation to pay, and/or our right to receive, the liquidated damages for which you are obligated under this Section, then you will be liable to us for any and all Brand Damages we incur, now or in the future, as a result of your breach of this Agreement.

H. Continuing Obligations

All of our and your (and your owners') obligations expressly surviving expiration or termination of this Agreement will continue in full force and effect after and notwithstanding its expiration or termination and until they are satisfied in full.

20. Relationship of the Parties; Indemnification

A. Independent Contractors

This Agreement does not create a fiduciary relationship between you and us (or any affiliate of ours). You have no authority, express or implied, to act as an agent for us or our affiliates for any purpose. You are, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Workspot and its assets, including any personal property, equipment, fixtures, or real property, and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person, directly or indirectly, resulting from the Workspot's operation. We and you are entering this Agreement with the intent and expectation that we and you are and will be independent contractors. Further, we and you are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and we (and our affiliates) will not be construed to be jointly liable for any of your acts or omissions under any circumstances. We (and our affiliates) are not the employer or joint employer of the Workspot's employees. Your Managing Owner, Base Managers, and Base Leads are solely responsible for managing and operating the Workspot and supervising the Workspot's employees. You agree to identify yourself conspicuously in all dealings with customers, suppliers, public officials, Workspot personnel, and others as the Workspot's owner, operator, and manager under a franchise we have granted and to place notices of independent ownership at the Workspot and on the forms, business cards, stationery, advertising, e-mails, and other materials we require from time to time.

We (and our affiliates) will not exercise direct or indirect control over the working conditions of Workspot personnel, except to the extent such indirect control is related to our legitimate interest in protecting the quality of our services, products, or brand. We (and our affiliates) do not share or codetermine the employment terms and conditions of the Workspot's employees and do not affect matters relating to the employment relationship between you and the Workspot's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, you must notify Workspot personnel that you are their employer and that we, as the franchisor of DAYBASEs, and our affiliates are not their employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. You also must obtain an acknowledgment (in the form we specify or approve) from all Workspot employees that you (and not we or our affiliates) are their employer.

B. No Liability for Acts of Other Party

We and you may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in the name or on behalf of the other or represent that our relationship with you is other than franchisor and franchisee. We will not be obligated for any damages to any person or property directly or indirectly arising from the Workspot's operation or the business you conduct under this Agreement.

C. Taxes

We will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property, employment, or other taxes, whether levied upon you or the Workspot, due to the business you conduct (except for our own income taxes). You must pay those taxes and reimburse us for any taxes we must pay to any taxing authority on account of either your Workspot's operation or payments you make to us (except for our own income taxes).

D. Insurance

During the Term, you must maintain in force at your sole expense insurance coverage for the Workspot in the amounts, and covering the risks, we periodically specify in the Operations Manual. We may require some or all of your insurance policies to provide for waiver of subrogation in favor of us and certain of our affiliates. Your insurance carriers must be licensed to do business in the state in which the Workspot is located and be rated A- or higher by A.M. Best and Company, Inc. (or such similar criteria we periodically specify). Insurance policies must be in effect before you begin constructing the Workspot. We may periodically increase the amounts of coverage required under those insurance policies and/or require different or additional insurance coverage at any time to reflect inflation, identification of new risks, changes in Law or standards of liability, higher damage awards, or relevant changes in circumstances. Insurance policies must name us and any affiliates we periodically designate as additional insureds and provide for thirty (30) days' prior written notice to us of any policy's material modification, cancellation, or non-renewal or any non-payment. You must periodically, including before the Workspot opens, send us a valid certificate of insurance or duplicate insurance policy evidencing the coverage specified above and the payment of premiums. We may require you to use our designated insurance broker to facilitate your compliance with these insurance requirements. We have the right to obtain insurance coverage for the Workspot at your expense if you fail to do so, in which case you must reimburse our costs in a timely fashion. We also have the right to defend claims.

E. Indemnification

To the fullest extent permitted by Law, you must indemnify and hold harmless us, our affiliates, and our and their respective owners, directors, officers, employees, agents, successors, and assignees (the "**Indemnified Parties**") against, and reimburse any one or more of the Indemnified Parties for, all Losses (defined below) incurred as a result of:

- (1) a claim threatened or asserted;
- (2) an inquiry made formally or informally; or
- (3) a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of:
 - (i) the Workspot's construction, design, or operation;
 - (ii) the business you conduct under this Agreement;

- (iii) your noncompliance or alleged noncompliance with any Law, including any allegation that we or another Indemnified Party is a joint employer or otherwise responsible for your acts or omissions relating to the Workspot's employees;
- (iv) a Data Security Incident; or
- (v) your breach of this Agreement.

You also agree to defend the Indemnified Parties (unless an Indemnified Party chooses to defend at your expense as provided in the following paragraph) against any and all such claims, inquiries, actions, investigations, and proceedings, including those alleging the Indemnified Party's negligence, gross negligence, willful misconduct, and willful wrongful omissions. However, you have no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's negligence, willful misconduct, or willful wrongful omissions, so long as the claim to which those Losses relate is not asserted on the basis of theories of vicarious liability (including agency, apparent agency, or joint employment) or our failure to compel you to comply with this Agreement.

For purposes of this indemnification and hold harmless obligation, "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and reasonable 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, or alternative dispute resolution, whether or not litigation, arbitration, or alternative dispute resolution actually is commenced. Each Indemnified Party, with its own counsel and at your expense, may defend and otherwise respond to and address any claim threatened or asserted or inquiry made, or action, investigation, or proceeding brought (instead of having you defend it with your counsel, as provided in the preceding paragraph), and, in cooperation with you, agree to settlements or take any other remedial, corrective, or other actions, for all of which defense and response costs and other Losses you are solely responsible (except as provided in the last sentence of the preceding paragraph).

Your obligations under this Section will continue in full force and effect after 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 you under this Section. A failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from you under this Section.

21. Enforcement

A. Severability

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable. If, for any reason, any part is held to be invalid or contrary to or in conflict with any applicable present or future Law in a final, unappealable ruling issued by any court, arbitrator, agency, or tribunal with competent jurisdiction, that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties. If any covenant restricting competitive activity is deemed unenforceable due to its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be reformed to the extent necessary to be reasonable and enforceable, and then enforced to the fullest extent permissible, under the Laws and public policies applied in the jurisdiction whose Laws determine the covenant's validity. If any applicable and binding Law requires more notice than this Agreement requires of the termination of this Agreement or of our refusal to grant a successor franchise, or if under any applicable and binding Law any provision of this Agreement or any Brand Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the Law will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or Brand Standard to the extent required to be valid and enforceable or delete the unlawful provision entirely. You agree to be bound by any promise or covenant imposing the maximum duty the Law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

B. Waiver of Obligations and Force Majeure

We and you may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind us unless in writing, signed by one of our officers, and specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated, which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights we or you have, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand your strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Term expires) because of any custom or practice varying from this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including your compliance with any Brand Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other DAYBASEs; the existence of franchise agreements for other

DAYBASEs containing provisions differing from those contained in this Agreement; or our acceptance of any payments from you after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We may remove any legend or endorsement, which will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform obligations results from: (i) acts of God; (ii) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (iii) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (iv) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of Royalties, Software License Fees, Brand Fund contributions, Sales Fees, Success Center Fees, and other amounts due afterward. Under no circumstances do any financing delays, difficulties, or shortages excuse your failure to perform or delay in performing your obligations under this Agreement.

C. Costs and Attorneys' Fees

If we incur costs and expenses (internal or external) to enforce our rights or your obligations under this Agreement because you have failed to pay when due amounts owed to us, to submit when due any reports, information, or supporting records, or otherwise to comply with this Agreement, you agree to reimburse all costs and expenses we incur, including, without limitation, reasonable accounting, attorneys', arbitrators', and related fees. Your obligation to reimburse us arises whether or not we begin a formal legal proceeding against you to enforce this Agreement. If we do begin a formal legal proceeding against you, the reimbursement obligation applies to all costs and expenses we incur preparing for, commencing, and prosecuting the legal proceeding and until the proceeding has completely ended (including appeals and settlements).

D. You May not Withhold Payments

You may not withhold payment of any amounts owed to us or our affiliates due to our alleged nonperformance of our obligations under this Agreement or for any other reason. You specifically waive any right you have at Law or in equity to offset any monies you owe us or our affiliates or to fail or refuse to perform any of your obligations under this Agreement.

E. Rights of Parties Are Cumulative

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy that we or you are entitled by Law to enforce.

F. Arbitration

All controversies, disputes, or claims between us (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your

affiliates and your and their respective owners, officers, and directors, as applicable) arising out of or related to:

- i. this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Workspot or any provision of any such agreements;
- ii. our relationship with you;
- iii. the validity of this Agreement or any other agreement between you (or your owner) and us (or our affiliate) relating to the Workspot, or any provision of any such agreements, and the validity and scope of the arbitration obligation under this Section; or
- iv. any Brand Standard,

must be submitted for arbitration to the American Arbitration Association. Except as otherwise provided in this Agreement, such arbitration proceedings will be heard by one (1) arbitrator in accordance with the then-existing Commercial Arbitration Rules of the American Arbitration Association. All proceedings, including the hearing, will be conducted at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. All matters within the scope of the Federal Arbitration Act (9 U.S.C. Sections 1 *et seq.*) will be governed by it and not by any state arbitration law.

The arbitrator has the right to award any relief he or she deems proper in the circumstances, including money damages (with interest on unpaid amounts from the date due), specific performance, injunctive relief, and attorneys' fees and costs (in accordance with 21.C above), provided that: (i) the arbitrator has no authority to declare any Mark generic or otherwise invalid; and (ii) subject to the exceptions in Section 21.I, we and you waive to the fullest extent the Law permits any right to or claim for any punitive, exemplary, treble, and other forms of multiple damages against the other. The arbitrator's award and decision will be conclusive and bind all parties covered by this Section, and judgment upon the award may be entered in a court specified or permitted in Section 21.H below.

We and you will be bound by any limitation under this Agreement or applicable Law, whichever expires first, on the timeframe in which claims must be brought. We and you further agree that, in connection with any arbitration proceeding, each must submit or file any claim constituting a compulsory counterclaim (as defined by the then-current Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim not submitted or filed in the proceeding will be barred. The arbitrator may not consider any settlement discussions or offers either you or we made. We reserve the right, but have no obligation, to advance your share of the costs of any arbitration proceeding in order for the arbitration proceeding to take place and by doing so do not waive or relinquish our right to seek recovery of those costs in accordance with Section 21.C above.

We and you agree that arbitration will be conducted on an individual basis and not in a class, consolidated, or representative action, that only we (and our affiliates and our and their respective owners, officers, directors, agents, and employees, as applicable) and you (and your affiliates and your and their respective owners, officers, and directors, as applicable) may be the parties to any arbitration proceeding described in this Section, and that no such arbitration proceeding may be consolidated or joined with another arbitration proceeding involving us and/or any other person. Despite the foregoing or anything to the contrary in this Section or Section 21.A, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute that otherwise would be subject to arbitration under this Section 21.F, then we and you agree that this arbitration clause will not apply to that dispute, and such dispute will be resolved in a judicial proceeding in accordance with this Section 21 (excluding this Section 21.F).

This Section's provisions are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect after and notwithstanding expiration or termination of this Agreement.

Despite your and our agreement to arbitrate, each has the right to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction, provided, however, each must contemporaneously submit its dispute for arbitration on the merits as provided in this Section.

G. Governing Law

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, all controversies, disputes, or claims arising from or relating to:

- i. this Agreement or any other agreement between you (or your owners) and us (or our affiliates);
- ii. our relationship with you;
- iii. the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate); or
- iv. any Brand Standard,

will be governed by the Laws of the State of New York, without regard to its conflict of Laws rules. However, the provisions of the New York Franchise Act, and any successor or similar legislation regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply to the matters in clauses (i) through (iv) above under any circumstances unless their jurisdictional requirements and definitional elements are met independently, without reference to this Section 21.G, and no exemption to their application exists.

H. Consent to Jurisdiction

Subject to the arbitration obligations in Section 21.F, you and your owners agree that all judicial actions brought by us against you or your owners, or by you or your owners against us, our affiliates, or our or their respective owners, officers, directors, agents, or employees, relating to this Agreement or the Workspot must be brought exclusively in the state or federal court of general jurisdiction located closest to where we, as franchisor, have our principal business address when the action is commenced. You and each of your owners irrevocably submit to the jurisdiction of such courts and waive any objection you or they might have to either jurisdiction or venue. Despite the foregoing, we may bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which you reside or the Workspot is located.

I. Waiver of Punitive and Exemplary Damages

EXCEPT FOR YOUR INDEMNIFICATION OBLIGATIONS UNDER SECTION 20.E AND CLAIMS BASED ON YOUR UNAUTHORIZED USE OF THE MARKS OR UNAUTHORIZED USE OR DISCLOSURE OF ANY CONFIDENTIAL INFORMATION, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT THE LAW PERMITS ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IF THERE IS A DISPUTE BETWEEN US AND YOU (AND/OR YOUR OWNERS), THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES HE, SHE, OR IT SUSTAINS.

J. Waiver of Jury Trial

SUBJECT TO THE ARBITRATION OBLIGATIONS IN SECTION 21.F, WE AND YOU (AND YOUR OWNERS) IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER US OR YOU (OR YOUR OWNERS). WE AND YOU (AND YOUR OWNERS) ACKNOWLEDGE THAT WE AND YOU (AND THEY) MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

K. Binding Effect

This Agreement is binding upon us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors-in-interest. Subject to our right to modify the Operations Manual and Brand Standards, this Agreement may not be modified except by a written agreement signed by both you and us that is specifically identified as an amendment to this Agreement.

L. Limitations of Claims

EXCEPT FOR:

(1) CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US FOR ROYALTY FEES, BRAND FUND CONTRIBUTIONS, SALES FEES, SOFTWARE LICENSE FEES, SUCCESS CENTER FEES, AND ANY OTHER AMOUNTS THAT WOULD ACCRUE FOR AN OPERATING DAYBASE UNDER THIS AGREEMENT; AND

(2) OUR (AND CERTAIN OF OUR RELATED PARTIES') RIGHT TO SEEK INDEMNIFICATION FROM YOU FOR THIRD-PARTY CLAIMS AS PROVIDED IN THIS AGREEMENT,

ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS AN ARBITRATION OR JUDICIAL PROCEEDING, AS PERMITTED, IS COMMENCED IN THE APPROPRIATE FORUM WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE VIOLATION, ACT, OR CONDUCT GIVING RISE TO THE CLAIM OCCURS, REGARDLESS OF WHEN THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIM.

M. Construction

The preambles and exhibits are part of this Agreement, which, together with any riders or addenda signed at the same time as this Agreement and together with the Operations Manual and Brand Standards, constitutes our and your entire agreement and supersedes all prior and contemporaneous oral or written agreements and understandings between us and you relating to this Agreement's subject matter. There are no other oral or written representations, warranties, understandings, or agreements between us and you relating to this Agreement's subject matter. Notwithstanding the foregoing, nothing in this Agreement disclaims or requires you to waive reliance on any representation we made in the most recent Franchise Disclosure Document (including its exhibits and amendments) we delivered to you or your representative. Any policies we adopt and implement from time to time to guide our decision-making are subject to change, are not a part of this Agreement, and do not bind us. Except as provided in Sections 20.E and 21.F, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

Headings of sections and paragraphs in this Agreement are for convenience only and do not define, limit, or construe the contents of those sections or paragraphs.

References in this Agreement to "we," "us," and "our," with respect to all of our rights and all your obligations to us under this Agreement, include any of our affiliates with whom you deal. "**Affiliate**" means any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. "**Control**" means the power to direct or cause the direction of management and policies. If two or more persons are at any time the owners of your rights under this Agreement and/or the Workspot, whether as partners or joint venturers, their representations, warranties, obligations, and liabilities to us will be joint and several. "**Owner**" means any person holding a direct or indirect ownership interest (whether of record, beneficial, or otherwise) or voting rights in you (or your owner or a transferee of this Agreement and the Workspot or any interest in you), including any person who has a direct or

indirect interest in you (or your owner or a transferee), this Agreement, or the Workspot or any other direct or indirect legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets. References to a “**controlling ownership interest**” in you or one of your owners (if an Entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a “controlling ownership interest” is involved must be determined both immediately before and immediately after the proposed transfer to see if a “controlling ownership interest” will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer). “**Person**” means any natural person, corporation, limited liability company, general or limited partnership, unincorporated association, cooperative, or other legal or functional entity. Unless otherwise specified, all references to a number of days mean calendar days and not business days.

The term “**Workspot**” includes all assets of the DAYBASE you operate under this Agreement, including its revenue and income. “**Include,**” “**including,**” and words of similar import will be interpreted to mean “including, but not limited to,” and the terms following such words will be interpreted as examples, and not an exhaustive list, of the appropriate subject matter.

This Agreement will become valid and enforceable only upon its full execution by you and us, although we and you need not be signatories to the same original, facsimile, or electronically transmitted counterpart of this Agreement. A faxed copy of an originally signed signature page, a scanned copy of an originally signed signature page that is sent as a .pdf by email, or a signature page bearing an electronically/digitally captured signature and transmitted electronically will be deemed an original.

N. The Exercise of Our Business Judgment

Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, as we deem best according to our business judgment, to vary Brand Standards or other aspects of the Franchise System for any franchisee. You have no right to require us to grant you a similar variation or accommodation.

We have the right to develop, operate, and change the Franchise System in any manner this Agreement does not specifically prohibit. Whenever this Agreement reserves our right to take or withhold an action, or to grant or decline to grant you the right to take or omit an action, we may, except as this Agreement specifically provides, make our decision or exercise our rights based on information then available to us and our judgment of what is best for us, DAYBASE franchisees generally, or the Franchise System when we make our decision, whether or not we could have made other reasonable or even arguably preferable alternative decisions and whether or not our decision promotes our financial or other individual interest.

22. Compliance with Anti-Terrorism Laws

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any Anti-Terrorism Law. “**Anti-Terrorism Laws**” mean Executive Order 13224 issued by the President of the United States and all other present and future Laws, 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 you or your owners, or any blocking of your or your owners’ assets under the Anti-Terrorism Laws, constitutes good cause for immediate termination of this Agreement, as provided in Section 18 above.

23. Notices and Payments

All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive them in accordance with this Section 23. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices we send you or your owners, at the Workspot’s address. Payments and certain information and reports you must send us under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when we actually receive them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

To us: DAYBASE FRANCHISING, LLC

Attn: President

Notices to you and your owners:

24. Electronic Mail

You acknowledge and agree that exchanging information with us by e-mail is efficient and desirable for day-to-day communications and that we and you may utilize e-mail for such communications. You authorize e-mail transmission to you during the Term by us and our employees, vendors, and affiliates (“**Official Senders**”). You further agree that: (i) Official Senders are authorized to send e-mails to your Managing Owner and other supervisory

employees whom you occasionally authorize to communicate with us; (ii) you will cause your Managing Owner, officers, directors, and supervisory employees to consent to Official Senders' transmission of e-mails to them; (iii) you will require such persons not to opt out of or otherwise ask to no longer receive e-mails from Official Senders while such persons work for or are associated with you; and (iv) you will not opt out of or otherwise ask to no longer receive e-mails from Official Senders during the Term. The consent given in this Section 24 will not apply to the provision of formal notices by either party under this Agreement under Section 23 using e-mail unless the parties otherwise agree in a written document manually signed by both parties.

IN WITNESS WHEREOF, the parties have executed and delivered this Agreement, to be effective as of the date set forth next to our signature below.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__ **

[Name]

**Effective Date

By: _____
Title: _____
Date: _____, 20__

EXHIBIT A
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

BASIC TERMS

1. The Initial Franchise Fee is: \$_____.
2. The exclusive Site Selection Area is described as follows: _____

_____ (see attached map, if applicable). The Site Selection Area is simply the geographical area within which you have the right to look for the Workspot's site. It will not determine the size or description of the Area of Protection.

3. The Workspot's physical address is _____.
If you have not found and secured the Workspot's site as of the Effective Date, we and you will identify the Workspot's physical address in the blank above after you find and secure the site.

4. The Workspot's Area of Protection is described as follows:

_____ (see attached map, if applicable). If you have not found and secured the Workspot's site as of the Effective Date, we and you will define the Area of Protection in the blank above (and, if applicable, on the attached map) after you find and secure the site. (We may modify the Area of Protection during the Franchise Agreement term if, with our prior written permission, which we have no obligation to grant, the Workspot relocates.)

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

EXHIBIT B-1
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this _____, 20___, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Agreement**”) on this date by **DAYBASE FRANCHISING, LLC**, a Delaware limited liability company (“**Franchisor**”), each of the undersigned personally and unconditionally (a) guarantees to Franchisor and its successors and assigns, for the term of the Agreement (including, without limitation, any extensions of its term) and afterward as provided in the Agreement, that _____ (“**Franchisee**”) will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including, without limitation, any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including, without limitation, any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in Sections 21, 22, and 23 of the Agreement, including the arbitration provision.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon Franchisor’s pursuit of any remedies against Franchisee or another person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence Franchisor may from time to time grant to Franchisee or to another person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including, without limitation, any release of other guarantors), none of which will in any way modify or amend this Guaranty, which will continue and be irrevocable during the term of the Agreement (including, without limitation, any extensions of its term) and afterward for so long as any performance is or might be owed under the Agreement by Franchisee or any of its owners and for so long as Franchisor has any cause of action against Franchisee or any of its owners; (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers; and (6) any Franchisee indebtedness to the undersigned, for whatever reason, whether currently existing or hereafter arising, will at all times be inferior and subordinate to any indebtedness owed by Franchisee to Franchisor or its affiliates.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled; and (iii) all rights to assert or plead any statute of limitations or other limitations period as to or relating to this Guaranty. The undersigned expressly acknowledges that the obligations under this Guaranty survive expiration or termination of the Agreement.

If Franchisor seeks to enforce this Guaranty in an arbitration, judicial, or other proceeding and prevails in that proceeding, Franchisor is entitled to recover its reasonable costs and expenses (including, but not limited to, attorneys' fees, arbitrators' fees, expert witness fees, costs of investigation and proof of facts, court costs, other arbitration or litigation expenses, and travel and living expenses) incurred in connection with the proceeding. If Franchisor is required to engage legal counsel in connection with the undersigned's failure to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs, even if Franchisor does not commence a judicial or arbitration proceeding.

Subject to the arbitration obligations set forth in the Agreement and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be brought exclusively in the state or federal court of general jurisdiction in the state, and in (or closest to) the city, where Franchisor has its principal business address when the action is commenced, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of or venue in those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled. **FRANCHISOR AND THE UNDERSIGNED IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY ANY OF THEM. EACH ACKNOWLEDGES THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERATION OF THIS WAIVER'S RAMIFICATIONS.**

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

GUARANTOR(S)

**PERCENTAGE OF OWNERSHIP IN
FRANCHISEE**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

EXHIBIT B-2
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

LIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS LIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS (“**Guaranty**”) is given this _____, 20____, by _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Agreement**”) on this date by **DAYBASE FRANCHISING, LLC**, a Delaware limited liability company (“**Franchisor**”), each of the undersigned (each, a “**Guarantor**”) personally and unconditionally guarantee a limited amount of obligations of _____, a _____ (“**Franchisee**”), under the Agreement, subject to the conditions and limitations stated below; and

WHEREAS, Franchisor desires to accept such limited guarantee;

NOW, THEREFORE, in consideration of the covenants and conditions herein set forth, and in order to induce Franchisor to enter into the Agreement, the Guarantors, and each of them, hereby agree, for the benefit of Franchisee, its successors and assigns, as follows:

1. Limited Guaranty. Guarantors hereby agree to a limited guarantee of the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of the obligations due under the Franchise Agreement, whether for fees, expenses, interest, or otherwise (such obligations being “**Obligations**”) in an amount equal to and not to exceed six (6) times the monthly amount of required fees due to Franchisor under the Franchise Agreement. This Guaranty shall not be construed to make Guarantors liable for any debts incurred by Franchisor that may later be attributed to Franchisee. Guarantors shall only be liable for the debts directly incurred by Franchisee, subject to the limitations stated herein.

2. Modification. No amendment or waiver of any provision of the Guaranty nor consent to any departure by the Guarantors therefrom will in any event be effective unless the same will be in writing and signed by Franchisor, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given.

3. No Waiver: Remedies. No failure on the part of Franchisor to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

4. Continuing Guaranty: Transfer of Franchise Agreement. This Guaranty is a continuing guaranty and will (i) remain in full force and effect until payment in full of the Obligations and all other amounts payable under this Guaranty; (ii) be binding upon the Guarantors, their successors and assigns; and (iii) inure to the benefit of and be enforceable by Franchisor and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii),

Franchisor may assign or otherwise transfer the Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to Franchisor herein or otherwise.

5. Governing Law. This Guaranty will be governed by, and construed in accordance with, the laws of the State of New York.

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

GUARANTOR(S)

**PERCENTAGE OF OWNERSHIP IN
FRANCHISEE**

_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

EXHIBIT C
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

FRANCHISEE AND ITS OWNERS

Effective Date: This Exhibit C is current and complete
as of _____, 20__

Franchisee was incorporated or formed on _____, 20__, under the laws of the State of _____. Franchisee has not conducted business under any name other than Franchisee's corporate, limited liability company, or partnership name and (if applicable) _____. The following is a list of Franchisee's directors or managers (if applicable) and officers as of the effective date shown above:

<u>Name</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Owners. The following list includes the full name of each person who is one of Franchisee's direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary).

<u>Owner's Name</u>	<u>Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

Managing Owner. Franchisee's Managing Owner is _____. His or her contact information for notice is _____.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____

Title: _____

Date: _____, 20__

[Name]

By: _____

Title: _____

Date: _____, 20__

EXHIBIT D
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

LEASE RIDER

LEASE PROVISIONS FOR DAYBASE FRANCHISES

The following provisions must be inserted into the lease for the Workspot (the “**Lease**”). You may add this language via a rider or addendum to your Lease as long as the rider or addendum is signed by both the tenant and the landlord. Please send us a copy of the signed Lease and any riders or addenda. You must obtain our prior approval of any revisions to the language contained in this Lease Rider.

REQUIRED LANGUAGE:

A. During the Term of the franchise agreement (the “**Franchise Agreement**”) between Tenant and **DAYBASE FRANCHISING, LLC (“DBF”)**, Tenant will use the premises only to operate a franchised DAYBASE™.

B. Landlord agrees that DBF, or a franchisee of the DBF Franchise System selected by DBF, shall have the right to receive an assignment of this Lease upon transfer, termination or expiration of the Franchise Agreement between DBF and Tenant. Upon such transfer, termination or expiration of said Franchise Agreement, Landlord shall promptly execute an acknowledgement of and consent to the assignment of the Lease.

C. Landlord will send to DBF copies of all default notices, and all notices of Landlord’s intent to terminate the Lease (or any rights of Tenant under the Lease) or evict Tenant from the leased premises, simultaneously with sending such notices to Tenant. Such notice shall be delivered to DBF in writing by overnight delivery by FedEx or other nationally-recognized overnight courier. Landlord and Tenant hereby acknowledge and agree that DBF has the right, but is under no obligation, to cure any deficiency under the Lease, if Tenant should fail to do so, within (i) fifteen (15) days after DBF’s receipt of such notice as to monetary defaults or (ii) thirty (30) days after DBF’s receipt of such notice as to non-monetary defaults. Such copies must be sent to:

DAYBASE FRANCHISING, LLC

Attn: President

D. Landlord acknowledges that Tenant intends to operate a DAYBASE™ in the Premises, and that Tenant’s rights to operate a DAYBASE™ and to use the trade and service marks set forth on Exhibit “A” to this Rider are solely pursuant to the Franchise Agreement between Tenant and DBF. Tenant’s operations at the Premises are independently owned and operated. Landlord acknowledges that Tenant alone is

responsible for all obligations under the Lease unless and until DBF or another franchisee of the DBF Franchise System expressly, and in writing, assumes such obligations and takes actual possession of the Premises. Notwithstanding any provisions of this Lease to the contrary, Landlord hereby consents, without payment of a fee and without the need for further Landlord consent, to (i) the collateral assignment of Tenant's interest in this Lease to DBF to secure Tenant's obligations to DBF under the Franchise Agreement, and/or (ii) DBF's (or any entity owned or controlled by, or under common control or ownership with, DBF) succeeding to Tenant's interest in the Lease by mutual agreement of DBF and Tenant, or as a result of DBF's exercise of rights or remedies under such collateral assignment or as a result of DBF's termination of, or exercise of rights or remedies granted in or under, any other agreement between DBF and Tenant, and/or (iii) Tenant's, DBF's and/or any other franchisee of DBF's assignment of the Lease to another franchisee of DBF with whom DBF has executed its then-standard franchise agreement. Landlord, Tenant and DBF agree and acknowledge that simultaneously with such assignment pursuant to the immediately preceding sentence, DBF shall be released from all liability under the Lease or otherwise accruing after the date of such assignment (in the event DBF is acting as the assignor under such assignment), but neither Tenant nor any other franchisee shall be afforded such release in the event Tenant/such franchisee is the assignor unless otherwise agreed by Landlord. Landlord further agrees that all unexercised renewal or extension rights and other rights stated to be personal to Tenant shall not be terminated in the event of any assignment referenced herein but shall inure to the benefit of the applicable assignee.

E. DBF or its affiliates may enter the premises to make any modifications or alterations necessary to protect the Franchise System and the Marks or to cure any default under the Franchise Agreement or Lease at any time and without prior notice to Landlord.

F. Notwithstanding anything contained in the Lease to the contrary or in conflict, it will be a condition of the Lease being subordinated to any mortgage, deed of trust, deed to secure debt, or similar encumbrance on the Premises that the holder of such encumbrance agree not to disturb Tenant's rights under this Lease or Tenant's possession of the Premises, so long as Tenant is not in default of its obligations hereunder beyond an applicable grace or cure period provided herein (as may be extended from time to time pursuant to Section C above).

G. Landlord acknowledges that the value of the DAYBASE™ brand is derived from the ability to provide uniform products and services and the uniform appearance of its brand, signs, Workspot Concept and leasehold improvements. As a result, Landlord shall, without charge, permit Tenant to comply with standard changes and updates by DBF to its brand, signs, Workspot Concept and leasehold improvements; provided that such changes and updates are not in violation of the terms of the Lease. In the event that Landlord approval for such changes and updates is required under the Lease, such approval shall not be unreasonably withheld.

H. DBF shall have the right, but not the obligation, to enter the Premises to take any action necessary, without damage to the Premises, to protect the DBF brand and its trademarks within thirty (30) days after DBF receives a notice of termination or expiration of the Lease from Landlord, including, but not limited to, the right to remove, alter or repaint any signage or proprietary items identifying DBF. Any material alterations, design or color changes shall require prior Landlord approval, which approval shall not be unreasonably withheld.

I. DBF is an intended third-party beneficiary under the provisions set forth above with independent rights to enforce them, and neither Landlord nor Tenant may alter or limit any of those provisions without DBF's prior written approval.

J. Landlord agrees to provide DBF with a copy of the fully executed Lease within ten (10) days of its full execution by Landlord and Tenant to the address shown in paragraph C above.

K. Terms capitalized but not defined above shall have the meanings ascribed by the Franchise Agreement, a copy of which Landlord acknowledges having received and had an opportunity to review.

This Addendum amends the Lease between the parties described hereinabove; and except as provided herein, all other terms of said Lease shall remain unchanged.

DATED this ____ day of _____, 20__.

LANDLORD:

TENANT:

Signature

Signature

Title

Title

EXHIBIT E
TO THE DAYBASE FRANCHISING, LLC
FRANCHISE AGREEMENT

SAMPLE FORM OF CONFIDENTIALITY AGREEMENT

In consideration of my employment or contract with and/or interest in _____ (the “**Franchisee**”) and the salary, honorariums, wages, and/or fees paid to me, I acknowledge that **DAYBASE FRANCHISING, LLC**, a Delaware limited liability company having its principal place of business at _____ (“**DBF**”), has imposed the following conditions on the Franchisee, any owner of the Franchisee, and the Franchisee’s officers, directors, and senior personnel. As a condition of performing services for or having an interest in Franchisee, I agree to accept the following conditions without limitation:

1. Without obtaining DBF’s prior written consent, I will (i) not disclose, publish, or divulge to any other person, firm, or corporation, through any means, any of DBF’s Confidential Information either during or after my employment by or association with Franchisee, (ii) not use the Confidential Information for any purposes other than as related to my employment or association with Franchisee, and (iii) not make copies or translations of any documents, data, or compilations containing any or all of the Confidential Information, commingle any portion of the documents, data, or compilations, or otherwise use the documents, data, or compilations containing Confidential Information for my own purpose or benefit. I also agree to surrender any material containing any of DBF’s Confidential Information upon request or upon termination of my employment or association with Franchisee. I understand that the Operations Manual is provided by DBF to Franchisee for a limited purpose, remains DBF’s property, and may not be reproduced, in whole or in part, without DBF’s prior written consent.

For purposes of this Agreement, “**Confidential Information**” means certain information, processes, methods, techniques, procedures, and knowledge, including know-how (which includes information that is secret and substantial), manuals, and trade secrets (whether or not judicially recognized as a trade secret), developed or to be developed by DBF relating directly or indirectly to the development or operation of a DAYBASE. With respect to the definition of know-how, “**secret**” means that the know-how as a body or in its precise configuration is not generally known or easily accessible, and “**substantial**” means information that is important and useful to Franchisee in developing and operating Franchisee’s Workspot. Without limiting the foregoing, Confidential Information includes, but is not limited to:

- i. information in the Operations Manual and Brand Standards;
- i. layouts, designs, and other plans and specifications for DAYBASES;
- ii. methods, formats, specifications, standards, systems, procedures, sales and marketing techniques, and knowledge and experience used in developing and operating DAYBASES;
- iii. marketing research and promotional, marketing, and advertising programs for DAYBASES;

- iv. knowledge of specifications for and suppliers of, and methods of ordering, certain Operating Assets, services, products, materials, and supplies that DAYBASEs use and sell;
- v. knowledge of the operating results and financial performance of DAYBASEs other than Franchisee's Workspot;
- vi. customer solicitation, communication, and retention programs, along with data used or generated in connection with those programs, including Customer Personal Data;
- vii. all data and all other information generated by, or used or developed in, the Workspot's operation, including Customer Personal Data, and any other information contained from time to time in the Computer System, the Reservation System or DB Tech, or that visitors (including you) provide to the System Website; and
- viii. any other information DBF reasonably designates as confidential or proprietary.

2. If there is a dispute or question arising out of the interpretation of this Agreement or any of its terms, the laws of the State of [] will govern. *[Insert franchisee's home state.]*

3. I acknowledge receipt of a copy of this Agreement and that I have read and understand this Agreement. This Agreement may not be modified except in writing with the prior approval of an officer of Franchisee.

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

Address: _____

Phone: _____

Email: _____

Check the following that apply:

- Owner
- Officer
- Director

- Senior Personnel
- Other (please specify)

EXHIBIT C-1

STANDARD DEVELOPMENT RIGHTS RIDER TO FRANCHISE AGREEMENT

**STANDARD DEVELOPMENT RIGHTS RIDER TO
DAYBASE FRANCHISING, LLC FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “Rider”) is made between DAYBASE FRANCHISING, LLC (“we,” “us,” or “our”) and _____ (“you” or “your”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you (or your Approved Affiliate) are signing concurrently with signing this Rider (the “First Franchise Agreement”) for your (or your Approved Affiliate’s) development and operation of your first DAYBASE™ (“Daybase”) at a location to be specified in accordance with the First Franchise Agreement that is within the Development Area (defined in Section 2 below). We and you are signing this Rider because you want the right to develop additional Daybases (besides the Daybase covered by the First Franchise Agreement) within the Development Area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider. You acknowledge that this Rider does not grant you any rights to operate a Daybase; we only grant rights to operate Daybases under our franchise agreement.

2. **Grant of Development Rights.** Subject to your strict compliance with this Rider, we grant you the right to develop _____ (___) Daybases (including the Daybase covered by the First Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the “Schedule”), within the following geographic area (the “Development Area”):

_____.

If you (and, to the extent applicable, your Approved Affiliates) are fully complying with all of your (and their) obligations under this Rider, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your Approved Affiliates) for the development and operation of Daybases, then during this Rider’s term only, we (and our affiliates) will not establish and operate or grant to others the right to establish and operate, Daybases that have their physical locations within the Development Area.

The location exclusivity described above is the only restriction on our (and our affiliates’) activities within the Development Area during this Rider’s term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area, including, without limitation, those we reserve in the First Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a) establish and operate, and grant to others the right to establish and operate, Daybases that have their physical locations within the Development Area, and (b) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within the Development Area.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER, AND YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.** To maintain your rights under this Rider, you (and/or Approved Affiliates) must, by the deadlines specified in the Schedule, sign franchise agreements and leases for, and then construct, develop, and have open and operating within the Development Area, the agreed-upon minimum number of Daybases. If your owners establish a new legal entity to operate one or more of the Daybases to be developed pursuant to this Rider and that new legal entity's ownership is identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" without further action. However, if the new legal entity's ownership is not identical to your ownership, you first must seek our approval for that new entity to develop and operate the proposed Daybase as an Approved Affiliate. We may refuse any such request if you and/or your owners do not (a) own and control at least fifty-one percent (51%) of the new entity's ownership interests, and (b) have the authority to exercise voting and management control of the Daybase proposed to be owned by the new entity.

You (and/or your Approved Affiliates) will operate each Daybase under a separate franchise agreement with us. The franchise agreement (and related documents, including the personal guarantees) that you and your owners (or your Approved Affiliate and its owners) must sign for each Daybase developed pursuant to this Rider will be on our then-current forms, any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement; provided, however, that the Royalty for each franchise you purchase under this Rider will be the same as the Royalty contained in the First Franchise Agreement you sign under this Rider.

Despite any contrary provision contained in signed franchise agreements after the First Franchise Agreement, your (and your Approved Affiliates') additional Daybases within the Development Area must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Daybase opened pursuant to this Rider must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

4. **Subfranchising and Sublicensing Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to develop and/or operate Daybases. Only you (and/or Approved Affiliates) may obtain rights to develop Daybases pursuant to this Rider. This Rider also does not give you (or Approved Affiliates) any independent right to use the DAYBASE™ trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you fully comply with its terms.

5. **Development Fee.** As consideration for the development rights we grant you under this Rider, you must pay us a total of _____ Dollars (\$_____) (the "Development Fee") concurrently with your execution of this Rider. The Development Fee is equal to the sum of (a) Fifty Thousand Dollars (\$50,000), for the initial franchise fee for your first Daybase that will operate under the First Franchise Agreement, plus (b) a deposit of _____ Dollars (\$_____), which is fifty percent (50%) of the sum of all initial franchise fees payable for each additional Daybase you agree to develop in accordance with the Schedule. The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Development Area for you to the exclusion of others while you are in compliance with this Rider. The Development Fee is fully earned by us when we and you sign this Rider; it is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason. This Rider will not be effective, and you will have no development rights, until we receive the Development Fee. The total

initial franchise fee for the second and each additional Daybase you develop under this Rider is _____ Dollars (\$ _____); therefore, upon signing the then-current franchise agreement for each additional Daybase an additional _____ Dollars (\$ _____) for each franchise will be due.

6. **Grant of Franchises.** You must send us a separate application for each Daybase that you (or your Approved Affiliate) wish to develop in the Development Area. We or our designee will review potential Daybase sites that you identify within the Development Area, and we reserve the right to visit the Development Area and conduct a physical inspection, as well. We may condition our proposed visit to and acceptance of a proposed site on your first sending us complete site reports and other materials (including, without limitation, photographs and video recordings) we request.

We will give you our then-current criteria for Daybase sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help in the site selection process. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is consistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for Daybases in the past. You must evaluate and ultimately select the Daybase's site. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen is accepted but not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a Daybase. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You may not proceed with a site that we have not accepted.

You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each Daybase site before you sign it. We or our designee may elect to negotiate the lease or sublease for you. However, if we or our designee does not for any reason negotiate the lease or sublease, we agree to review and accept (or not accept) the proposed lease or sublease within fifteen (15) days after we receive it. You may not sign any lease or sublease that we have not accepted in writing.

If we accept the proposed site and you have a fully executed lease or sublease and rights to gain lawful possession of the site, you (or your Approved Affiliate) must sign a separate franchise agreement (and all related documents) for the Daybase that is to be located at the site within the time period we specify (but no later than the date specified in the Schedule) for that Daybase. If you (or your Approved Affiliate) fail to do so, or after signing the franchise agreement you cannot obtain lawful possession of the site, we may withdraw our acceptance of the site and exercise any of our other rights under this Rider. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including the Guaranty and Assumption of Obligations), its terms and conditions will control the construction, development, and operation of the Daybase (except that the required opening date is governed exclusively by the Schedule in this Rider, as provided in Section 3 above).

In addition to our rights with respect to proposed Daybase sites, we may delay your development and/or opening of additional Daybases within the Development Area for the time period we deem best if we believe in our sole judgment, when you submit your application for another Daybase, or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Daybase, that you (or your Approved Affiliate) are not yet operationally,

managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Daybase in full compliance with our standards and specifications. We may delay additional development and/or a Daybase's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Term.** This Rider's term begins on the date we sign it and ends on the date when (a) you (or your Approved Affiliate) open for business the final Daybase to be developed under the Schedule, or (b) this Rider otherwise is terminated, but in any event this Rider's term will end no later than _____.

8. **Termination.** We may at any time terminate this Rider and your rights under this Rider to develop Daybases within the Development Area, such termination to be effective upon our delivery to you of written notice of termination:

(a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure;

(b) if the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Daybase, is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(c) if we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Daybase, and you (or your Approved Affiliate) fail to cure that default within the required timeframe.

No portion of the Development Fee is refundable upon termination of this Rider or under any other circumstances. If we terminate this Rider because you fail to satisfy your development obligations under the Schedule, we will keep the Development Fee (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Schedule.

Termination of this Rider under clauses (a), (b), or (c) above is not deemed to be the termination of any franchise rights (even though this Rider is attached to the First Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. Termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements unless the grounds for such termination of this Rider also constitute grounds for terminating individual franchise agreements in accordance with their terms.

9. **Assignment.** Your development rights under this Rider are not assignable in whole or in part. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the First Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the First Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of

your development rights) to the extent permitted by the terms and conditions of the First Franchise Agreement.

10. **Rider to Control**. Except as provided in this Rider, the First Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the First Franchise Agreement and this Rider, this Rider's terms will control.

SIGNATURE PAGE FOLLOWS

Dated this _____ day of _____, 20__.

DAYBASE FRANCHISING, LLC	FRANCHISEE
By: _____	_____
Title: _____	By: _____
Date: _____	Title: _____
	Date: _____

EXHIBIT A
TO STANDARD DEVELOPMENT RIGHTS RIDER

You agree to develop and open <_____> Daybases in the Development Area, including the Daybase that is the subject of the First Franchise Agreement, according to the following Schedule:

Daybase	Franchise Agreement to be Signed by Franchisee (or Approved Affiliate) by (Deadline)	Lease to be Signed by (Deadline)	Daybase to be Open and Operating in Development Area by (Deadline)
#1	Concurrently with this Rider		
#2			
#3			
#4			
#5			

<p>DAYBASE FRANCHISING, LLC</p> <p>By: _____</p> <p>Title: _____</p> <p>Date: _____</p>	<p>FRANCHISEE</p> <p>_____</p> <p>By: _____</p> <p>Title: _____</p> <p>Date: _____</p>
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EXHIBIT C-2

**LAUNCH MARKET DEVELOPMENT RIGHTS RIDER TO FRANCHISE
AGREEMENT**

**LAUNCH MARKET
DEVELOPMENT RIGHTS RIDER TO
DAYBASE FRANCHISING, LLC FRANCHISE AGREEMENT**

1. **Background.** This Development Rights Rider (the “Rider”) is made between DAYBASE FRANCHISING, LLC (“we,” “us,” or “our”) and _____ (“you” or “your”). This Rider is attached to, and intended to be a part of, the Franchise Agreement that we and you (or your Approved Affiliate) are signing concurrently with signing this Rider (the “First Franchise Agreement”) for your (or your Approved Affiliate’s) development and operation of your first DAYBASE™ (“Daybase”) at a location to be specified in accordance with the First Franchise Agreement that is within the Development Area (defined in Section 2 below). We and you are signing this Rider because you want the right to develop additional Daybases (besides the Daybase covered by the First Franchise Agreement) within the Development Area over a certain time period, and we are willing to grant you those development rights if you comply with this Rider. You acknowledge that this Rider does not grant you any rights to operate a Daybase; we only grant rights to operate Daybases under our franchise agreement.

2. **Grant of Development Rights.** Subject to your strict compliance with this Rider, we grant you the right to develop _____ (____) Daybases (including the Daybase covered by the First Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this Rider (the “Schedule”), within the following geographic area (the “Development Area”):

_____.

If you (and, to the extent applicable, your Approved Affiliates) are fully complying with all of your (and their) obligations under this Rider, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and, to the extent applicable, your Approved Affiliates) for the development and operation of Daybases, then during this Rider’s term only, we (and our affiliates) will not establish and operate or grant to others the right to establish and operate, Daybases that have their physical locations within the Development Area.

The location exclusivity described above is the only restriction on our (and our affiliates’) activities within the Development Area during this Rider’s term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within the Development Area, including, without limitation, those we reserve in the First Franchise Agreement. After this Rider expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to (a) establish and operate, and grant to others the right to establish and operate, Daybases that have their physical locations within the Development Area, and (b) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within the Development Area.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS RIDER, AND YOUR RIGHTS UNDER THIS RIDER ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE

DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE MAY ENFORCE THIS RIDER STRICTLY.

3. **Development Obligations.** To maintain your rights under this Rider, you (and/or Approved Affiliates) must, by the deadlines specified in the Schedule, sign franchise agreements and leases for, and then construct, develop, and have open and operating within the Development Area, the agreed-upon minimum number of Daybases. If your owners establish a new legal entity to operate one or more of the Daybases to be developed pursuant to this Rider and that new legal entity's ownership is identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" without further action. However, if the new legal entity's ownership is not identical to your ownership, you first must seek our approval for that new entity to develop and operate the proposed Daybase as an Approved Affiliate. We may refuse any such request if you and/or your owners do not (a) own and control at least fifty-one percent (51%) of the new entity's ownership interests, and (b) have the authority to exercise voting and management control of the Daybase proposed to be owned by the new entity.

You (and/or your Approved Affiliates) will operate each Daybase under a separate franchise agreement with us. Subject to Section 7 below, the franchise agreement (and related documents, including the personal guarantees) that you and your owners (or your Approved Affiliate and its owners) must sign for each Daybase developed pursuant to this Rider will be on our then-current forms, any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement.

Despite any contrary provision contained in signed franchise agreements after the First Franchise Agreement, your (and your Approved Affiliates') additional Daybases within the Development Area must be open and operating by the dates specified in the Schedule. To retain your rights under this Rider, each Daybase opened pursuant to this Rider must operate continuously throughout this Rider's term in full compliance with its franchise agreement.

4. **Subfranchising and Sublicensing Rights.** This Rider does not give you any right to franchise, license, subfranchise, or sublicense others to develop and/or operate Daybases. Only you (and/or Approved Affiliates) may obtain rights to develop Daybases pursuant to this Rider. This Rider also does not give you (or Approved Affiliates) any independent right to use the DAYBASE™ trademark or our other trademarks and commercial symbols. The right to use our trademarks and commercial symbols is granted only under a franchise agreement signed directly with us. This Rider only grants you potential development rights if you fully comply with its terms.

5. **Development Fee.** As consideration for the development rights we grant you under this Rider, you must pay us a total of _____ Dollars (\$_____) (the "Development Fee") concurrently with your execution of this Rider. The Development Fee is equal to the sum of (a) Twenty-Five Thousand Dollars (\$25,000), for the initial franchise fee for your first Daybase that will operate under the First Franchise Agreement, plus (b) a deposit of _____ Dollars (\$_____), which is fifty percent (50%) of the sum of all initial franchise fees payable for each additional Daybase you agree to develop in accordance with the Schedule. The Development Fee is consideration for the rights we grant you in this Rider and for reserving the Development Area for you to the exclusion of others while you are in compliance with this Rider. The Development Fee is fully earned by us when we and you sign

this Rider; it is not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this Rider for that reason. This Rider will not be effective, and you will have no development rights, until we receive the Development Fee.

The total initial franchise fee for the second Daybase you develop under this Rider is Twenty Thousand Dollars (\$20,000). The total initial franchise fee for each additional Daybase you develop under this Rider is Forty Thousand Dollars (\$40,000). Therefore, upon signing the then-current franchise agreement for your second Daybase, an additional Ten Thousand Dollars (\$10,000) will be due. And upon signing the then-current franchise agreement for each additional Daybase, an additional Twenty Thousand Dollars (\$20,000) will be due.

6. **Grant of Franchises.** You must send us a separate application for each Daybase that you (or your Approved Affiliate) wish to develop in the Development Area. We or our designee will review potential Daybase sites that you identify within the Development Area, and we reserve the right to visit the Development Area and conduct a physical inspection, as well. We may condition our proposed visit to and acceptance of a proposed site on your first sending us complete site reports and other materials (including, without limitation, photographs and video recordings) we request.

We will give you our then-current criteria for Daybase sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, size, and other physical and commercial characteristics) to help in the site selection process. We will not unreasonably withhold our acceptance of a site if, in our and our affiliates' experience and based on the factors outlined above, the proposed site is consistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites for Daybases in the past. You must evaluate and ultimately select the Daybase's site. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen is accepted but not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a Daybase. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You may not proceed with a site that we have not accepted.

You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each Daybase site before you sign it. We or our designee may elect to negotiate the lease or sublease for you. However, if we or our designee does not for any reason negotiate the lease or sublease, we agree to review and accept (or not accept) the proposed lease or sublease within fifteen (15) days after we receive it. You may not sign any lease or sublease that we have not accepted in writing.

If we accept the proposed site and you have a fully executed lease or sublease and rights to gain lawful possession of the site, you (or your Approved Affiliate) must sign a separate franchise agreement (and all related documents) for the Daybase that is to be located at the site within the time period we specify (but no later than the date specified in the Schedule) for that Daybase. If you (or your Approved Affiliate) fail to do so, or after signing the franchise agreement you cannot obtain lawful possession of the site, we may withdraw our acceptance of the site and exercise any of our other rights under this Rider. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents, including the Guaranty and Assumption of Obligations), its terms and conditions will control the construction, development, and

operation of the Daybase (except that the required opening date is governed exclusively by the Schedule in this Rider, as provided in Section 3 above).

In addition to our rights with respect to proposed Daybase sites, we may delay your development and/or opening of additional Daybases within the Development Area for the time period we deem best if we believe in our sole judgment, when you submit your application for another Daybase, or after you (or your Approved Affiliate) have developed and constructed but not yet opened a particular Daybase, that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to develop, open, and/or operate the additional Daybase in full compliance with our standards and specifications. We may delay additional development and/or a Daybase's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

7. **Launch Market Development Terms.** Despite anything to the contrary contained in this Rider, the First Franchise Agreement or any other franchise agreement signed by us and you or an Approved Affiliate in connection with this Rider, the following terms and conditions shall apply:

- (a) **Initial Franchise Fee:** The initial franchise fee payable under the First Franchise Agreement shall be reduced to Twenty-Five Thousand Dollars (\$25,000). The initial franchise fee payable under the second franchise agreement signed in connection with this Rider shall be reduced to Twenty Thousand Dollars (\$20,000). And the initial franchise fee payable under each additional franchise agreement signed in connection with this Rider shall be reduced to Forty Thousand Dollars (\$40,000).
- (b) **Market Introduction Program Expenditures:** With respect to the First Franchise Agreement and the second franchise agreement that is signed in connection with this Rider, we or our affiliate will fund the minimum expenditure (currently \$20,000) that is required to execute the market introduction program.
- (c) **Royalty:** For each franchise you purchase under this Rider by the deadlines specified in the Schedule, the Royalty (as defined in the First Franchise Agreement) will be the lesser of (i) the Royalty contained in the First Franchise Agreement, and (ii) the Royalty contained in the then-current franchise agreement you or your Approved Affiliate(s) sign under this Rider.
- (d) **Success Center Fee:** We will fulfill your obligation to pay a Success Center Fee during the initial twelve (12) months of the term of the First Franchise Agreement.
- (e) **Opt-Out Right:** During the thirty (30) day period between the fifth (5th) and sixth (6th) months that the Daybase operating under the First Franchise Agreement (the "First Daybase") is open to the public and operating, you may exercise the following opt-out right ("Opt-Out Right"). Upon written notice to us, you shall have the right to sell, and cause us or our designee to purchase, all of the assets of the First Daybase and all other Daybases that have been established and are operating under this Rider as of the date that you exercise the Opt-Out Right. During the 30-day period following our receipt of notice of your exercise of the Opt-Out Right, you (and to the

extent applicable, Approved Affiliates), shall sign our standard form of Daybase Management Agreement (“Management Agreement”) and ensure the transition of operations to us our designee of all Daybases that will be operated under the Management Agreement (the “Managed Daybases”). The Management Agreement shall provide for our, or our designee’s, assumption of the exclusive management and control of the day-to-day operation of the Managed Daybases in exchange for a management fee equal to 10% of gross revenue per month. The Management Agreement shall have a term of six (6) months. Prior to the expiration of the term of the Management Agreement, we or our designee shall purchase the Managed Daybases. The purchase shall be structured as an asset sale and shall be on a debt-free, cash-free basis, and will include sufficient net working capital, fixed assets (necessary to conduct the business of operating Daybases in accordance with our standards), all rights and obligations under this Agreement, the First Franchise Agreement and all other franchise agreements signed in connection with this Rider, and a lease for the premises of each Managed Daybase with at least a four (4) year term remaining based on market-rate or better lease pricing. The purchase price will be equal to your unamortized cost of improvements. The purchase price will be subject to a working capital and other customary adjustments. The purchase agreement will contain customary representations, warranties and indemnities as well as a non-compete and non-solicitation agreement for a period of five (5) years. Before closing, we or our designee shall have the right to conduct customary diligence, with which you shall reasonably cooperate in good faith. The closing may be delayed by us for good reason and in such case, the term of the Management Agreement shall be extended automatically.

8. **Term.** This Rider’s term begins on the date we sign it and ends on the date when (a) you (or your Approved Affiliate) open for business the final Daybase to be developed under the Schedule, or (b) this Rider otherwise is terminated, but in any event this Rider’s term will end no later than _____.

9. **Termination.** We may at any time terminate this Rider and your rights under this Rider to develop Daybases within the Development Area, such termination to be effective upon our delivery to you of written notice of termination:

- (a) if you fail to satisfy either your development obligations under the Schedule or any other obligation under this Rider, which defaults you have no right to cure;
- (b) if the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Daybase, is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or
- (c) if we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement, or another franchise agreement between us and you (or your Approved Affiliate) for a Daybase, and you (or your Approved Affiliate) fail to cure that default within the required timeframe.

No portion of the Development Fee is refundable upon termination of this Rider or under any

other circumstances. If we terminate this Rider because you fail to satisfy your development obligations under the Schedule, we will keep the Development Fee (which is not refundable) but otherwise will not seek to recover damages from you due solely to your failure to comply with the Schedule.

Termination of this Rider under clauses (a), (b), or (c) above is not deemed to be the termination of any franchise rights (even though this Rider is attached to the First Franchise Agreement) because this Rider grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. Termination of this Rider does not affect any franchise rights granted under any then-effective individual franchise agreements unless the grounds for such termination of this Rider also constitute grounds for terminating individual franchise agreements in accordance with their terms.

10. **Assignment**. Your development rights under this Rider are not assignable in whole or in part. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of the First Franchise Agreement, a transfer of a controlling ownership interest in you, a transfer of this Rider separate and apart from the First Franchise Agreement, or any other event attempting to assign the development rights. An assignment of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights) to the extent permitted by the terms and conditions of the First Franchise Agreement.

11. **Rider to Control**. Except as provided in this Rider, the First Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the First Franchise Agreement and this Rider, this Rider's terms will control.

SIGNATURE PAGE FOLLOWS

Dated: _____.

DAYBASE FRANCHISING, LLC

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT A
TO LAUNCH MARKET DEVELOPMENT RIGHTS RIDER

You agree to develop and open <_____> Daybases in the Development Area, including the Daybase that is the subject of the First Franchise Agreement, according to the following Schedule:

Daybase	Franchise Agreement to be Signed by Franchisee (or Approved Affiliate) by (Deadline)	Lease to be Signed by (Deadline)	Daybase to be Open and Operating in Development Area by (Deadline)
#1	Concurrently with this Rider		
#2			
#3			
#4			
#5			

DAYBASE FRANCHISING, LLC _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT D

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DAYBASE FRANCHISE OPERATIONS MANUAL

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LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

**STATE AGENCIES/AGENTS
FOR SERVICE OF PROCESS**

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

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

Los Angeles

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

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

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

(state agency)

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

MARYLAND

(for service of process)

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

(state agency)

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

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

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

NEW YORK

(for service of process)

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

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

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

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT F

FRANCHISEE REPRESENTATIONS DOCUMENT

FRANCHISEE REPRESENTATIONS DOCUMENT

As you know, Daybase Franchising, LLC ("we," "us" or "Franchisor") and you are preparing to enter into a Franchise Agreement for the operation of a DAYBASE Workspot. The purpose of this Franchisee Representations Document is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate, or misleading.

Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed our Franchise Agreement and each exhibit attached to it?

Yes_____ No_____ Your Initials_____

2. Have you received and personally reviewed the Disclosure Document we provided to you?

Yes_____ No_____ Your Initials_____

3. Have you discussed the benefits and risks of operating a DAYBASE Workspot with an attorney, accountant or other professional advisor and/or do you understand the risks?

Yes_____ No_____ Your Initials_____

4. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a DAYBASE Workspot operated by us or our franchisees?

Yes_____ No_____ Your Initials_____

5. Has any employee or other person speaking on our behalf made any statement or promise concerning the DAYBASE Workspot that is contrary to, or different from, the information contained in the Disclosure Document?

Yes_____ No_____ Your Initials_____

6. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a DAYBASE Workspot?

Yes_____ No_____ Your Initials_____

7. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a DAYBASE Workspot?

Yes_____ No_____ Your Initials_____

8. If you have answered "Yes" to any of questions 4 through 7, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

If you have answered "No" to all of questions 4 through 7, please leave the following lines blank.

9. Do you understand that in all dealings with you, our 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 the Franchisor?

Yes _____ No _____ Your Initials _____

You understand that your answers are important to us and we will rely on them. By signing this Franchisee Representations Document, you are representing that you, on behalf of yourself (and your franchise entity, if applicable), have considered each question carefully and responded truthfully to the above questions.

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH DAYBASE WORKSPOTS TO BE LOCATED IN MARYLAND: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Franchise Applicant -- Signature
(individually and on behalf of franchise
entity, if applicable)

Print Name

Date

EXHIBIT G

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is executed on _____, 20__ by _____ (“Franchisee”), _____ (“Guarantors”), and _____ (“Transferee”) as a condition of (1) the transfer of the Franchise Agreement dated _____, 20__ between Daybase Franchising, LLC (“Franchisor”) and Franchisee (“Franchise Agreement”); or (2) the execution of a successor Franchise Agreement by Franchisee and Franchisor. (If this Release is executed under the conditions set forth in (2) above, all references in this Release to “Transferee” should be ignored.)

1. Release by Franchisee, Transferee, and Guarantors. Franchisee and Transferee (on behalf of themselves and their parents, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities), and Guarantors (on behalf of themselves and their respective heirs, representatives, successors and assigns) (collectively, the “Releasors”) freely and without any influence forever release (i) Franchisor, (ii) Franchisor’s past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities, and (iii) Franchisor’s parent, subsidiaries, and affiliates and their respective past and present officers, directors, shareholders, managers, members, agents, and employees, in their corporate and individual capacities (collectively, the “Released Parties”), from any and all claims, debts, demands, liabilities, suits, judgments, and causes of action of whatever kind or nature, whether known or unknown, vested or contingent, suspected or unsuspected (collectively, “Claims”), which any Releasor ever owned or held, now owns or holds, or may in the future own or hold, including, without limitation, claims arising under federal, state, and local laws, rules, and ordinances and claims arising out of, or relating to, the Franchise Agreement and all other agreements between any Releasor and Franchisor or Franchisor’s parent, subsidiaries, or affiliates, 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.

2. Risk of Changed Facts. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) (i) understand that the facts in respect of which the release in Section 1 is given may turn out to be different from the facts now known or believed by them to be true and (ii) hereby accept and assume the risk of the facts turning out to be different and agree that the release in Section 1 shall nevertheless be effective in all respects and not subject to termination or rescission by virtue of any such difference in facts.

3. Covenant Not to Sue. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) 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 person or entity released under Section 1 with respect to any Claim released under Section 1.

4. No Prior Assignment and Competency. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) represent and warrant that: (i) the Releasors are the sole owners of all Claims and rights released in Section 1 and that the Releasors have not assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim released under Section 1;

(ii) each Releasor has full and complete power and authority to execute this Release, and that the execution of this Release shall not violate the terms of any contract or agreement between them or any court order; and (iii) this Release has been voluntarily and knowingly executed after each of them has had the opportunity to consult with counsel of their own choice.

5. Complete Defense. Franchisee, Transferee, and Guarantors (on behalf of all Releasors): (i) acknowledge that the release in Section 1 shall be a complete defense to any Claim released under Section 1; and (ii) consent to the entry of a temporary or permanent injunction to prevent or end the assertion of any such Claim.

6. Waiver of Statutory Preservation Provisions. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) each expressly waives 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 without limitation, California and or any other jurisdiction in which the Releasors reside. Franchisee, Transferee, and Guarantors (on behalf of all Releasors) acknowledges and represents that it has consulted with legal counsel before executing this release and that it understands its meaning, including the effect of Section 1542 of the California Civil Code, and expressly consents 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.

7. Successors and Assigns. This Release will inure to the benefit of and bind the successors, assigns, heirs, and personal representatives of the Released Parties and each Releasor.

8. Counterparts. This Release may be executed in two or more counterparts (including by scanned copy), each of which shall be deemed an original, and all of which shall constitute one and the same instrument.

9. Capitalized Terms. Any capitalized terms that are not defined in this Release shall have the meaning given them in the Franchise Agreement.

[THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.]

IN WITNESS WHEREOF, Franchisee, Transferee, and Guarantors have executed this Release as of the date shown above.

FRANCHISEE:

By: _____

Print Name: _____

Title: _____

Date: _____

TRANSFEREE:

By: _____

Print Name: _____

Title: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

GUARANTOR:

Print Name: _____

Date: _____

EXHIBIT H

STATE-SPECIFIC ADDITIONAL DISCLOSURES AND AGREEMENT RIDERS

**STATE LAW ADDENDA
TO
FRANCHISE DISCLOSURE DOCUMENT
AND
FRANCHISE AGREEMENT**

The following are additional disclosures for the Franchise Disclosure Document of Daybase Franchising, LLC required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable state franchise registration and disclosure law applies to you.

CALIFORNIA

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION & INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT RIGHTS RIDER OR FRANCHISE AGREEMENT.

3. OUR WEBSITE, www.daybase.co, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

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

5. The following is added at the end of Item 3:

Neither we, our parent, or affiliates 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. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. The following language is added to the “Remarks” column of the line-item titled “Interest and Late Charges” in Item 6:

The highest interest rate allowed under California law is 10% annually.

7. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer, or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

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

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

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires binding arbitration. The arbitration will occur at a suitable location that is within ten (10) miles of where we have our principal business address when the arbitration demand is filed (currently New York, New York). Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California.

ILLINOIS

Illinois law shall apply to and govern the Franchise Agreement.

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.

Franchisees' right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

MARYLAND

1. The following language is added to the end of the “Summary” sections of Item 17(c), entitled Requirements for franchisee to renew or extend, and Item 17(m), entitled Conditions for Franchisor approval of transfer:

Any release required as a condition of renewal and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law. (The form of general release that we currently intend to use in connection with transfers and renewals is provided in Exhibit G to this Franchise Disclosure Document.)

2. The following language is added to the end of the “Summary” sections of Item 17(h), entitled “Cause” defined – non-curable defaults:

The Franchise Agreement provides for termination upon your bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The “Summary” sections of Item 17(v), entitled Choice of forum are amended to add the following:

, and to the extent required by the Maryland Franchise Registration and Disclosure Law, you may bring an action in Maryland.

4. The “Summary” sections of Item 17(w), entitled Choice of law, are deleted in their entirety and the following is substituted in their place:

New York law generally applies, except for the Federal Arbitration Act, other federal law, and claims arising under the Maryland Franchise Registration and Disclosure Law.

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

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

MINNESOTA

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

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

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

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

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT E OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NYS DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE DEVELOPER OR 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:

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.

C. 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 Item 4:

None of the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

However, 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.

6. The following language is added to the end of the “Summary” section of Item 17(d), entitled Termination by franchisee:

You may also terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), entitled Assignment of contract by franchisor:

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. The following is added to the end of the “Summary” sections of Item 17(v), entitled Choice of forum, and Item 17(w), entitled 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 the State of New York.

NORTH DAKOTA

1. The following language is added to the “Remarks” column of the “Liquidated Damages” line-item in Item 6 and to the end of the “Summary” section of Item 17(i), titled Franchisee’s obligations on termination/nonrenewal:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, we and you agree to enforce these provisions to the extent the law allows.

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

; provided, however, that this general release shall not apply to the extent prohibited by the North Dakota Franchise Investment Law (as amended).

3. The following language is added to the end of the “Summary” section of Item 17(r), entitled Non-competition covenants after the franchise is terminated or expires:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

4. The following language is added to the end of the “Summary” section of Item 17(v), entitled Choice of forum:

, however, to the extent required by applicable law, you may bring an action in North Dakota.

5. The “Summary” section of Item 17(w), entitled Choice of law, is deleted and replaced with the following language:

Except for federal law, to the extent required by law, North Dakota law applies.

RHODE ISLAND

1. The “Summary” section of Item 17(v), entitled Choice of forum, is deleted and replaced with the following language:

Subject to arbitration obligations, litigation must be in the state where we then maintain our principal business address (currently New York), except as otherwise required by applicable law for claims arising under the Rhode Island Franchise Investment Act. 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.”

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

Except for federal law, New York law controls, except as otherwise required by law for claims arising under the Rhode Island Franchise Investment Act. Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

VIRGINIA

The following language is added to the end of the “Summary” section of Item 17.h., entitled “Cause” defined – non-curable defaults:

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

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

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Workspot that you will operate under the Franchise Agreement will be located in Illinois, and/or (b) you are domiciled in Illinois.

2. **ADDITION OF PARAGRAPHS.** The following paragraphs are added to the end of the Franchise Agreement as Section 25:

Illinois law shall apply to and govern the Franchise Agreement.

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.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

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.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MARYLAND**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of Maryland and/or; (b) the Workspot will be located or operated in Maryland.

2. **RELEASES.** The following is added to the end of Sections 4.B., 16.C.ii(i), 17, and 19.F.iii of the Franchise Agreement:

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. **GOVERNING LAW.** The first sentence of Section 21.G. of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, and except as otherwise required by law for claims arising under the Maryland Franchise Registration and Disclosure Law, all controversies, disputes, or claims arising from or relating to:

- (1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates);
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate); or
- (4) any Brand Standard,

will be governed by the Laws of the State of New York, without regard to its conflict of Laws rules.

4. **TERMINATION.** The following language is added to the end of Section 18.B.xvii of the Franchise Agreement:

; however, such provision might not be enforceable under federal bankruptcy law (11 U.S.C. Section 1010 et seq.), although we intend to enforce it to the extent enforceable.

5. **JURISDICTION.** The following language is added to the end of Section 21.H. of the Franchise Agreement:

Notwithstanding the foregoing, you may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **ACKNOWLEDGMENTS.** The following language is added to the end of Section 2 of the Franchise Agreement:

Such representations are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. **LIMITATIONS OF CLAIMS.** The following language is added to the end of Section 21.L. of the Franchise Agreement:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN MINNESOTA**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Workspot that you will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES.** The following is added to the end of Sections 4.B., 16.C.ii(i), 17, and 19.F.iii of the Franchise Agreement:

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

3. **SUCCESSOR TERM AND TERMINATION TERM.** The following is added to the end of Sections 17 and 18.B. of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

3. **FORUM FOR LITIGATION.** The following language is added to the end of Section 21.H. of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR YOUR RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **GOVERNING LAW.** The following statement is added at the end of Section 21.G. of the Franchise Agreement:

NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF YOUR RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR YOUR RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

5. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES.** If and then only to the extent required by the Minnesota Franchises Law, Sections 21.I. and 21.J. of the Franchise Agreement are deleted.

6. **LIMITATIONS OF CLAIMS.** The following is added to the end of Section 21.L. of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NEW YORK**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, (the “**Franchise Agreement**”). This Rider is being signed because (a) you are domiciled in the State of New York and the Workspot that you will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **TRANSFER - BY US.** The following language is added to the end of Section 16.A. of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

3. **RELEASES.** The following language is added to the end of 4.B., 16.C.ii(i), 17, and 19.F.iii of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY YOU.** The following language is added to the end of Section 18.A. of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF.** The following sentence is added to the end of Sections 7.C., 21.F., and 21.H. of the Franchise Agreement:

Our right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **FORUM FOR LITIGATION.** The following statement is added at the end of Section 21.H. of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **GOVERNING LAW.** The following is added to the end of Section 21.G. of the Franchise Agreement:

This section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**RIDER TO THE
FRANCHISE AGREEMENT FOR USE IN THE
STATE OF NORTH DAKOTA**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, (the “**Franchise Agreement**”). This Rider is being signed because (a) you are a resident of North Dakota and the Workspot that you will operate under the Franchise Agreement will be located in North Dakota, and/or (b) the offering or sales activity relating to the Franchise Agreement occurs in North Dakota.

2. **RELEASES.** The following language is added to the end of 4.B., 16.C.ii(i), 17, and 19.F.iii of the Franchise Agreement:

; provided, however, that such general release shall not apply to the extent prohibited by law with respect to claims arising under the North Dakota Franchise Investment Law.

3. **EXCLUSIVE RELATIONSHIP.** The following language is added to the end of Sections 12 and 19.E. of the Franchise Agreement:

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

4. **GOVERNING LAW.** The following is added to the end of Section 21.G. of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

5. **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 21.H. of the Franchise Agreement:

Notwithstanding the foregoing, if and to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

6. **WAIVER OF JURY TRIAL AND WAIVER OF PUNITIVE DAMAGES.** If and to the extent required by the North Dakota Franchise Investment Law, Sections 21.I. and 21.J. of the Franchise Agreement are deleted.

7. **LIMITATION OF CLAIMS.** The following is added to the end of Section 21.L. of the Franchise Agreement:

WE AND YOU ACKNOWLEDGE THAT THE TIME LIMITATIONS SET FORTH IN THIS SECTION MIGHT BE MODIFIED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW AND THAT OTHER PROVISIONS OF THIS SECTION 21.L. MIGHT NOT BE ENFORCEABLE UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW; HOWEVER, WE AND YOU AGREE TO ENFORCE THE PROVISIONS OF THIS SECTION 21.L. TO THE MAXIMUM EXTENT THE LAW ALLOWS.

8. **LIQUIDATED DAMAGES.** The following language is added to the end of Section 19.G. of the Franchise Agreement:

The Commissioner has determined termination or liquidated damages to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. However, Franchisor and Franchisee agree to enforce these provisions to the extent the law allows.

9. **APPLICATION OF RIDER.** Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law, as amended, are met independently without reference to this Rider.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**RIDER TO THE
FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we,**” “**us,**” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Workspot you will operate under the Franchise Agreement occurred in Rhode Island; and/or (b) you are a resident of Rhode Island and you will operate the Workspot in Rhode Island.

2. **GOVERNING LAW.** The first sentence of Section 21.G. of the Franchise Agreement is deleted in its entirety and the following is substituted in its place:

Except to the extent governed by the Federal Arbitration Act, the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*), or other federal Law, and except as otherwise required by law for any claims arising under the Rhode Island Franchise Investment Act, all controversies, disputes, or claims arising from or relating to:

- (1) this Agreement or any other agreement between you (or your owners) and us (or our affiliates);
- (2) our relationship with you;
- (3) the validity of this Agreement or any other agreement between you (or your owners) and us (or our affiliate); or
- (4) any Brand Standard,

will be governed by the Laws of the State of New York, without regard to its conflict of Laws rules. 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 laws of another state is void with respect to a claim otherwise unenforceable under this Act.”

3. **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 21.H. of the Franchise Agreement:

However, subject to the parties’ arbitration obligations, nothing in this Section affects your right, to the extent required by applicable law with respect to claims

arising under the Rhode Island Franchise Investment Act, to sue in Rhode Island for claims arising under that Act.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

**WASHINGTON RIDER TO THE
FRANCHISE AGREEMENT,
DEVELOPMENT RIGHTS RIDER, DISCLOSURE QUESTIONNAIRE,
AND RELATED AGREEMENTS**

THIS RIDER (this “**Rider**”) is made and entered into by and between **Daybase Franchising, LLC**, a Delaware limited liability company with its principal place of business at 335 Madison Avenue, 3rd Floor, New York, New York 10017 (“**Franchisor**”), and _____, a(n) _____ with its principal place of business at _____ (“**Franchisee**”). In this Rider, “**we**,” “**us**,” and “**our**” refers to Franchisor. “**You**” and “**your**” refers to Franchisee.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20____ (the “**Franchise Agreement**”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in Washington; and/or (b) the Workspot that you will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

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

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.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a 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.

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

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.

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.

Franchisees who receive financial incentives to refer franchise prospects to the franchisor may be required to register as franchise brokers under the laws of Washington State.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement under seal as of the Effective Date.

DAYBASE FRANCHISING, LLC, a
Delaware limited liability company

FRANCHISEE

By: _____
Title: _____
Date: _____, 20__

[Name]

By: _____
Title: _____
Date: _____, 20__

EXHIBIT I

LIST OF FRANCHISEES

None.

NEW YORK REPRESENTATIONS PAGE

FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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:

	Effective Date
California	Pending
Illinois	Pending
Indiana	August ##, 2021
Maryland	Pending
Michigan	August ##, 2021
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	August ##, 2021
Virginia	Pending
Washington	Pending
Wisconsin	August ##, 2021

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.

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Daybase Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan law requires that Daybase Franchising, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Daybase Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

The franchisor is Daybase Franchising, LLC, located at 335 Madison Avenue, 3rd Floor, New York, NY, 10017.

Issuance date: August 17, 2021

This franchise is being offered by the following sellers at the principal business address and phone number listed below (check all that have been involved in the sales process):

Sellers at Daybase Franchising, LLC, 335 Madison Avenue, 3 rd Floor, New York, NY, 10017, 646-328-6889:			
<input type="checkbox"/> Joel Steinhaus	<input type="checkbox"/> Parker Lieberman	<input type="checkbox"/>	<input type="checkbox"/> _____
<input type="checkbox"/> Doug Chambers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> _____
<input type="checkbox"/> Nicolas Rader	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> _____
		<input type="checkbox"/>	<input type="checkbox"/> _____

We authorize the respective state agents identified on Exhibit E to receive service of process for us in the particular states. I received a Disclosure Document from Daybase Franchising, LLC issued as of August 17, 2021, that included the following Exhibits:

- A. Financial Statements
- B. Franchise Agreement
- C-1. Standard Development Rights Rider to Franchise Agreement
- C-2. Launch Market Development Rights Rider to Franchise Agreement
- D. Operations Manual Table of Contents
- E. List of State Agencies/Agents for Service of Process
- F. Franchisee Representations Document
- G. Form of General Release
- H. State-Specific Additional Disclosures and Agreement Riders
- I. List of Franchisees

Date

Prospective Franchisee [Print Name]

(Date, sign, and return to us at our address above or by email to _____.)

Signature of Prospective Franchisee

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If Daybase Franchising, LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Michigan law requires that Daybase Franchising, LLC give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Daybase Franchising, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit E.

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<input type="checkbox"/> Joel Steinhaus	<input type="checkbox"/> Parker Lieberman	<input type="checkbox"/>	<input type="checkbox"/>
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<input type="checkbox"/> Nicolas Rader	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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- F. Franchisee Representations Document
- G. Form of General Release
- H. State-Specific Additional Disclosures and Agreement Riders
- I. List of Franchisees

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Keep for Your Own Records)

Signature of Prospective Franchisee