

FRANCHISE DISCLOSURE DOCUMENT

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Creative Gardens® Daycare & Preschool offers early childhood education services to children from six weeks to six years old. This Disclosure Document describes the offer of the right to establish and operate one or more Creative Gardens Daycare & Preschool Centers.

Creative Gardens Center. A Creative Gardens Center features classrooms for children from six weeks to six years old in accordance with local government regulations. The total investment necessary to begin operation of a single leased Creative Gardens® Center with 6 classrooms is \$278,000 to \$950,000, including \$60,000 that must be paid to us or our affiliate.

Development Agreement. If you purchase one or more Creative Gardens Centers and you enter into a Development Agreement for the right to develop these Centers, you must pay to us a lump sum, non-refundable development fee. The development fee will be the sum of the applicable initial franchise fees for the number of Centers you agree to develop. The initial franchise fee for a single Creative Gardens Center is \$60,000. The development fee will be credited towards the initial franchise fee for each Center developed. Franchisees who are purchasing an existing Center will sign a Franchise Agreement without first entering into a Development Agreement.

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 the Corporate Office at 8 The Green Suite A, Dover, DE 19901 or send email to BD@cgece.com.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read 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.

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How to Use This Franchise Disclosure Document

Here are some questions that 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 A.
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 estimated 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 B 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 Creative Gardens® 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 relevant 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 Creative Gardens® franchisee?	Item 20 or Exhibit A 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 G.

Your state also may have laws that require special disclosures or amendments to 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 mediation and/or litigation only in California. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in California 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 franchisor 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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Disclosure Document, the words "CGDE", "we", "us", or "our" mean the franchisor Creative Gardens DE LLC. "You" or "your" means the person who buys the franchise and includes your owners if you are a corporation, limited liability company, partnership, or other business entity. Boldface terms are for ease of reference only.

The Creative Gardens® Franchise.

We are a Delaware limited liability company formed in May 23, 2024 to franchise and administer businesses using the trademark Creative Gardens® and other trademarks. Our principal business address is 8 The Green Suite A, Dover DE 19901. We do not do business under any other name and do not conduct any business activities other than in connection with the Creative Garden franchise system nor have previously offered franchises in this or any other line of business. We do not currently operate any Creative Gardens® Daycare & Preschool Center as described in this Disclosure Document. We have offered franchises since November 21, 2024. Our agents for service of process are listed on Exhibit G.

For a number of years, CGDE's affiliate has owned and operated its daycare and preschool centers under our proprietary system and marks (the "**Creative Gardens System**" or the "**System**"). The Creative Gardens System currently includes programs for children from six (6) weeks to six (6) years old. Franchisees may be required to offer certain programs for children in any age range specified by us.

The Creative Gardens franchise consists of a license to use the name "Creative Gardens®" and other marks (the "**Proprietary Marks**") for the operation of the Creative Gardens Daycare & Preschool Center ("**Center**") as described in this Disclosure Document. All of these franchise offerings use the Proprietary Marks and operate under the Creative Gardens System. A Center must be operated in accordance with our proprietary System standards and training materials, which will be provided to you via an online virtual library and other written guidance (collectively, the "**Operating Manual**").

You may be given the opportunity to purchase a single Center, or you may be given the opportunity to open multiple Centers. In any case, if the site(s) you purchase is/are not already open, you will be required to sign a Development Agreement and pay a development fee. A copy of the current Development Agreement is attached as Exhibit C to this Disclosure Document. Under the Development Agreement, we and you will agree on (1) the number of Centers that you must develop within your development area, and (2) your particular development schedule. The development fee will be the sum of the initial franchise fees for the number of Centers you agree to develop. For each Center developed under a Development Agreement, or for each Center which is open upon your purchase, you must sign a separate, then-current Franchise Agreement, which may be different in material respects from the Franchise Agreement included in this Disclosure Document. The development fee will be credited towards the initial franchise fee due under each Franchise Agreement.

CGDE and Its Predecessors; CGDE's Parent and Affiliate.

We are owned by Fenghuang Holdings LTD 55%, SMCG LLC 30% and Creative Childhood Education Inc. 15%. SMCG LLC and Creative Childhood Education Inc. have never offered franchises for the type of business you will operate, nor have Fenghuang Holdings LTD, SMCG LLC and Creative Childhood Inc. offered franchises in any other line of business.

Our affiliate, ECE Holdings, LLC (“ECE”) was incorporated in Delaware on November 15, 2018, and is owned by Fenghuang Holdings LTD 80%, SMCG LLC 15% and Conway Capital USA, LLC 5%. ECE has never offered franchises for the type of business you will operate, nor has ECE offered franchises in any other line of business. ECE has majority ownership of Creative Garden Leaning LLC which owns the Creative Gardens trademark. As of the Disclosure Documents issuance date, ECE's subsidiaries operate three (3) Creative Gardens® Daycare & Preschool as described in this Disclosure Document (“**Company Centers**”) and they reserve the right to engage in other business activities. The Company Centers are located in California and Virginia.

Creative Gardens DE LLC and ECE share the same ultimate shareholder with Gymbo Holdings Group Company LTD which owns and manages GPPI Inc., a California corporation which franchises and administers the Gymboree Play & Music® business in the United States. Gymbo Holdings Group Company LTD also administers the Gymboree Play & Music business internationally.

We have no other predecessors or affiliates that must be disclosed for the purposes of this Item 1.

Market and Competition.

A Creative Gardens franchisee offers its products and services to the general public. The childcare industry consists of both “for-profit” and “non-profit” entities. The market for childcare services is well developed and competitive. You may compete with for-profit childcare facilities that are either locally based or part of national chains. You may also compete with nonprofit childcare centers, which may be sponsored by local community groups, or be based in public schools and funded by state or local governments. You will compete for business in this highly competitive environment and understand that there is no guarantee of your success

Industry Regulation

There are numerous laws and regulations specific to our industry, which will vary according to your jurisdiction. Most states and localities have specific regulations that regulate businesses offering educational and childcare services. These laws and regulations may include licensing requirements; standards, specifications and requirements for the design and maintenance of the business premises; standards and requirements for fire safety and general emergency preparedness; quality rating evaluations; capacity and instructor/child ratios; specified minimum indoor and/or outdoor physical facilities and equipment; personnel screening obligations involving background checks and criminal records checks; personnel credentials, age restrictions and training requirements; obligations to report evidence of child abuse and neglect; food service

requirements; and recordkeeping requirements. Owners of a Creative Garden® franchise will operate a licensed childcare program and must comply with their state and local childcare licensing regulations. Teachers in a Center are generally required to be state certified. We recommend that you perform background checks on your employees.

As a franchisee, you will also be subject to general business, employment and other laws and regulations. You should consult with your attorney and local, state and federal government agencies before buying your Creative Garden franchise, to determine all legal requirements and consider their effects on you and the cost of compliance. It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time.

Your business will be subject to various employment regulations concerning wage rates, mandated employee benefits, employment taxes, worker safety, unemployment compensation, workers' compensation, disabled employees and discrimination in employment practices. You are responsible for complying with these applicable laws, rules and regulations, as well as with all local, state and federal laws of a more general nature which affect the operation of your Center. You should consult with your attorney on this subject, especially regarding state and local laws, rules and regulations that may affect the operation of a Creative Garden franchise at a particular location. You should consider that certain aspects of any business offering educational and childcare services are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, U.S. Department of Education and various state and local health departments and school boards administer and enforce laws and regulations that govern the educational and childcare services provided by, and sanitary conditions of Center facilities. State and local agencies inspect businesses offering educational and childcare services as well as food services for compliance with these requirements.

You must operate your Center in full compliance with all applicable laws, ordinances and regulations. The laws and regulations may change from year to year. They include the Americans with Disabilities Act and other federal and state laws relating to employees and customers with disabilities; the Fair Labor Standards Act, the Occupational Safety and Health Act and other federal and state laws governing minimum wage, overtime, working conditions and other employment-related subjects; Title VII of the Civil Rights Act, the Equal Employment Opportunity Act and other federal and state laws relating to discrimination and harassment; laws governing various other matters, such as consumer and employee privacy; access to or deletion of personal information; cyber security, data security, data privacy and security breaches; laws applicable to health, sanitation, smoking, safety, fire and other matters; tax laws; environmental laws; and laws relating to citizenship or immigration status. If you accept payment by credit or debit card, you must comply with the Payment Card Industry Data Security Standard ("PCI") established by the major credit card brands to ensure that merchants securely store, process, and transmit customer credit card information.

You should consult with your attorney concerning those and other local laws and ordinance that may affect the operation of the Creative Garden Center. There may be other laws applicable to your business. It is your responsibility to investigate any applicable laws as they relate to operating a Creative Garden Center. You should consider these laws and regulations when

evaluating your purchase of a franchise and you should consult with your attorney and local, state and federal government agencies to determine all legal requirements and consider their effects on you and cost of compliance. It is your sole responsibility to investigate, satisfy and remain in compliance with all local, state and federal laws, since they vary from place to place and can change over time. You must keep current and maintain in good standing all licenses, permits, and certifications required by any federal, state or local government agency in connection with the operation of your Center.

ITEM 2

BUSINESS EXPERIENCE

Xinkai Chen **President**

Xinkai Chen has been our President since we incorporated in May 2024 and President of ECE Holdings, LLC since November 2018. Mr. Chen has been the Group Senior Vice President of Gymbo Holdings Group Company LTD since January 2018 and has been managing the Gymboree Play & Music® International Operations. Since July 2023, Mr. Chen has been the CEO of GPPI, Inc., the United States franchising entity for Gymboree Play & Music® located in San Mateo, California. His location of employment is Shanghai, China.

Wei Christopher Li **Vice President, Center Operations**

Wei Christopher Li has been our Vice President of Center Operations since we incorporated in May 2024 and has been managing the two Company Centers in California since May 2019. Prior to that Mr. Li was a franchisee of Gymboree Play & Music. His location of employment is Daly City, California.

Agnes Lau **Vice President, Academics**

Agnes Lau has been our Vice President of Academics since we incorporated in May 2024 and has been managing the two Company Centers in California since May 2019. Prior to that Ms. Lau was a franchisee of Gymboree Play & Music. Her location of employment is Daly City, California.

Kathleen McFerrin **Senior Manager, Franchise Development**

Kathleen McFerrin has been our Senior Manager since November 2024. Ms. McFerrin has been Senior Director of Franchise Business, North America for GPPI, Inc. since January 2018. Prior to that, Ms. McFerrin served as GPPI's Senior Director of Business Operations from November 2012 to January 2018. Her location of employment is San Mateo, California.

Bonnie Stewart
Manager, Franchise Development

Bonnie Stewart has been our Manager since November 2024. Ms. Stewart has been Manager of Franchise Business and Operations, North America for GPPI, Inc. since January 2018. Prior to that, Ms. Stewart served as GPPI's Franchise Development Administrator from July 2014 to January 2018. Her location of employment is San Mateo, California.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Development Fee and Initial Franchise Fee for a Single Center

For a single Center, you must sign a Development Agreement and pay a lump sum, non-refundable development fee, which will be the same amount as the initial franchise fee for the Center. The initial franchise fee for a single Center is \$60,000. You must pay the entire development fee no later than the date of your signing the Development Agreement. The development fee will be credited towards the initial franchise fee due under the Franchise Agreement.

Development Fee and Initial Franchise Fees for Multiple Centers

The minimum number of Centers required to be open under a Development Agreement is one. If you enter into a Development Agreement for the right to develop multiple Centers, you must pay us a lump sum, non-refundable development fee when you sign the Development Agreement. The amount of the development fee will be the sum of the initial franchise fees payable to us (as of the date of the Development Agreement) for each Center required to be developed under your development schedule ("Development Schedule").

Consumer Products, Program Aids, and Equipment

You must pay us other initial fees before you open any Center. Currently, we do not have any specific consumer products, program aides or equipment for the Creative Gardens business. We reserve the right at our sole discretion to require these purchases in the future. These amounts, if we choose, are not refundable to the extent the orders are not cancellable or we cannot otherwise resell the product or equipment.

ITEM 6
OTHER FEES*

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee	6% of Gross Receipts	Must be paid within 30 days after the last day of each calendar month. At our option, we may require payment at different intervals.	Gross Receipts include all revenue received in connection with your operation of the Center, excluding sales tax and the receipts from the sale of products purchased from us, equipment and furnishings.
Catalogs and Consumer Products	Varies (see Item 7)	Upon purchase	We may require you to purchase certain approved consumer products and purchase, display and distribute our then-current product catalog.
Equipment, Program Aids and Promotional Material	Varies (see Item 7)	Upon purchase	These required items, described in Item 8, may be purchased from us or third parties.
Local Marketing Expenditures	Varies	Paid to suppliers as incurred.	In addition to your contributions to the Brand Fund, you must implement a local marketing program in accordance with our guidance and the Operating Manual.
Brand Fund	Up to 3% of Gross Receipts; Currently 1.5%	Same as Royalty Fee	See Item 11 for further information.
Regional Advertising and Promotional Cooperative	Our then-current fee	Must be paid to the Cooperative by the first Friday of each month.	There are currently no Cooperatives in the System. See Item 11 for further information.
Extranet License Fees	Pricing varies, currently estimated to be between \$250 to \$400, per month, per Center.	Must be paid within 30 days after the last day of each calendar month. At our option, we may require payment at different intervals.	For license and on-going IT support of the Extranet system.
Insurance	Reimbursement of any insurance payments that we elect to pay on your behalf if you fail to do so plus late fees and interest	Payable on demand	We, at our option, may obtain required insurance coverage on your behalf if you fail to do so. If you fail to reimburse us for such insurance coverage within 10 days of receipt of notice, we may terminate the Franchise Agreement.
Initial Training	Our then-current training fee	As incurred; before commencement	You will be responsible for all expenses incurred by you, your Operations Manager, or your employees in connection with training (including transportation, lodging, meals, and wages).

Additional Training	Our then-current training fee	As incurred; before commencement	We may require you or your principal operating officer and your Operations Manager and teachers to attend regional training sessions and teacher training programs from time to time. We may also require you or your principal operating officer and your Operations Manager to attend additional remedial training programs whenever, based on your performance, we deem necessary or appropriate. You must pay to us our then-current training fees for regional or remedial training. You will be responsible for all expenses incurred by your employees in connection with training (including transportation, lodging, meals, and wages).
Recordings	List cost, plus postage and handling	As incurred.	We may develop audio or video CD's, webinars, or other recordings to update franchisees on new program ideas, lessons, procedures and techniques, which you must purchase.
Transfer Fee	40% of our then-current per-site initial franchise fee (this fee is discounted for transfers to existing franchisees, or transfers of more than one Center to the same transferee)	Prior to transfer.	If a "transfer" occurs under your Franchise Agreement, you must pay to us a non-refundable transfer fee. The Franchise Agreement identifies the events constituting a transfer. However, in the case of a transfer to a corporation or limited liability company formed by you for the convenience of ownership, no transfer fee will be required.
Renewal Fee	10% of our then-current initial franchise fee	Prior to expiration of your existing Franchise Agreement.	If you are awarded a successor franchise, you must pay to us a renewal fee.
Audit	Cost of audit, including attorneys' and accountants' fees, travel expenses, room, board and applicable per diem charges for our employees	Within 15 days after receipt of inspection or audit report.	Payable only if audit shows an understatement of at least 3% of Gross Receipts for the audit period or if you fail to furnish reports, supporting records, or other required information.
Interest	Interest on the overdue amount at a rate equal to lesser of 1.5% per month, or the maximum rate allowed by law	As incurred; payable on demand.	If any payment is overdue, you must pay us interest on the overdue amount.
Late and Dishonored Check or Payment Fees	\$200 late fee; plus, for each 30-day period that the payment continues to be unpaid or report not submitted, \$200 per 30-day period \$50 for each dishonored payment	As incurred; payable on demand.	In addition to payment of interest, if you fail to make any payment or submit any report on or before the date on which it is due, we may impose a late fee. To cover additional expenses incurred by us in handling dishonored checks or other payments, you must pay a dishonored payment fee for each dishonored payment tendered by Franchisee.

Reimbursements	Amount disbursed	As incurred; on demand.	If we, in our sole and absolute discretion, elect to pay certain expenses of operating your Center when you fail to do so, you must immediately reimburse us all expenses incurred by us, plus applicable late fees.
Product Testing	Our actual out of pocket costs, estimated to be from \$1,000 to \$5,000	When billed.	Payable when you seek our approval of program aids or other items not purchased from approved suppliers, as further described in Item 8.
Annual Meeting	A fee equal to the then- current per- attendee fee, as designated by us prior to the meeting, multiplied by the number of your attendees.	Annually, before commencement.	You must attend once annually a franchisee meeting to discuss and review new programming ideas and concepts. You must pay to us the then- current per- attendee fee as designated by us prior to the meeting, and you will be responsible for all expenses incurred by you and your employees in connection with attending the seminar (including transportation, lodging, meals, and wages).

*All fees paid to us are non-refundable and imposed uniformly.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

NAME OF FEE	ESTIMATED COSTS (6 Classrooms)			METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (1 st Center) ¹	\$60,000	-	\$60,000	Cash	Signing	CGDE
Lease Rental and Deposits (3 months' rent) ²	\$50,000	-	\$130,000	Cash	Signing Lease	Landlord
Broker Commissions, Key Money for Real Estate ³	\$0	-	\$2,000	Cash	Prior to signing Lease	Landlord/Broker
Construction, Architectural Fees, Related Expenses ⁴	\$0	-	\$450,000	Cash	Negotiated	Architects, Contractors, Landlord
Furniture and Equipment ⁵	\$55,000	-	\$83,000	Cash	Before opening	Vendors
Décor and Signage ⁶	\$4,000	-	\$9,000	Cash	Before opening	Vendors
Pre-opening Salaries and Training (travel and living expenses) ⁷	\$15,000	-	\$28,000	Cash/ Credit	As incurred	Employees, Hotels, Airlines, etc.
Office Supplies ⁸	\$5,000	-	\$10,000	Cash	As billed	Vendors
Insurance ⁹	\$3,000	-	\$6,000	Cash/ Credit	As billed	Insurers
Utility Deposits ¹⁰	\$250	-	\$500	Cash/ Credit	Negotiated	Lessor, Utility Companies
Professional Fees ¹¹	\$1,000	-	\$5,000	Cash/ Credit	Negotiated	Professionals
Permits and Licenses	\$3,500	-	\$5,000	Cash/Credit	As incurred	Government agencies
Initial Inventory ¹²	\$1,250	-	\$1,500	Cash	On order	Approved Suppliers
Additional Funds for First 3 Months ¹³	\$80,000	-	\$160,000	Cash/ Security	As incurred	Landlord, Vendors, Employees, CGDE, etc.
TOTAL¹⁴	\$278,000	-	\$950,000			

*The above estimates are based on a six (6) classroom location which is our current expectation for franchised Centers.

NOTES

1. See Item 5 for a description of the initial franchise fee for franchisees.
2. You are responsible for locating, negotiating and obtaining your own lease. Estimated lease costs are based upon our own experience and that of our operations.
3. The landlord of the premises may require that you pay “key money” in an indeterminable amount in order to secure a lease especially in desirable locations or when vacancies are low. It is extremely difficult to quantify the amount of any key money. In our experience, you should be able to find a suitable location that does not require payment of any key money.
4. Leasehold improvements and related build-out costs, including fixtures will be approximately \$0 to \$450,000 for a Center, depending upon the existing condition of the approved location, local market conditions, and the cost to make any required tenant improvements. We do not require you to purchase real estate, and the total estimated initial investment does not include the acquisition of real estate. A typical Center will range in size from 5,500 to 8,300 square feet, depending on the number of classrooms.
5. You must purchase certain furniture and equipment, the cost of which ranges from \$55,000 to \$83,000 based upon the experience of the Company Centers. Our required technology is included as part of the estimated costs. See Item 11 for required technology.
6. You must purchase and install a décor package, and indoor and outdoor signs as further described in the Franchise Agreement and Operating Manual.
7. You will incur salary, travel and lodging expenses and related costs for yourself and your personnel in connection with initial training. You will need to arrange for transportation, lodging and food for yourself and any additional employees and pay wages to any employees who attend initial training with you. Your actual costs will depend on, among other things, the distance you must travel and the type of accommodation you choose.
8. We estimate that you will incur expenses to purchase an initial quantity of office supplies (e.g. stationery, staplers, file folders, paper, trash cans, bathroom supplies, step stools, storage containers) and the installation and purchase or lease of a computer system, required software, internet access and other communication devices as described in Item 11.
9. You will need to obtain the necessary insurance required by the Franchise Agreement before opening your Center. The cost of insurance may increase in future years depending on the number of enrollees and/or revenues at your Center.
10. We estimate that you may need to provide deposits for utilities. The amount of such deposits will vary depending upon the practices of the utility companies and your landlord.
11. You should employ an attorney, accountant or other professional consultants to assist you in connection with your purchase of this franchise and hiring employees.

12. You may be required to have opening inventory and other consumer products, and program aids for all mandatory programs. Estimated shipping costs are not included in the above estimated costs; actual shipping costs will depend on the delivery destination and the amount of product actually purchased.

13. You will need additional funds in the form of working capital to support ongoing expenses, such as payroll and utilities, to the extent that these costs are not covered by revenue. New businesses often generate a negative cash flow at the beginning. We estimate that the amount of additional funds shown in the initial investment chart will be sufficient to cover ongoing expenses for the start-up phase of the franchised business, which we estimate to be 3 months. These amounts are only an estimate, and there is no assurance that additional funds will not be necessary during this start-up phase or afterwards. Working capital amounts do not include any payments to you or your owners for salary or other living or personal expenses. The additional funds shown for the initial start-up phase do not necessarily mean that you will have reached “break-even,” “positive cash flow,” or any other financial position by the end of 3 months.

14. These figures above are estimates only based on our experience with the Company Stores in San Francisco and Sausalito, California and Ashburn, Virginia. You may have other categories of expenses, or additional expenses, in opening your Center. These estimates do not provide for any capital or other reserve fund, nor do they include any finance charges, interest or debt service obligations that you may incur. Total costs to begin operations and other financial requirements may be more or less than the figures specified above, depending on the size of your Center, number of employees, initial volume of business and other factors over which we have no control. Total costs will also vary depending on your management skills; experience and business acumen; local economic conditions; the prevailing wage rate; local competition; and the actual sales levels you achieve. You should review these estimates carefully with a business advisor before making any decision to purchase the franchise. Fees paid to us are non-refundable. Fees paid to third party vendors may or may not be refundable, depending on the arrangements that you make with the third-party vendor.

Development Agreement

Upon execution of the Development Agreement, you must pay a non-refundable development fee. The development fee is contingent on the number of Centers to be developed under the Development Agreement. The initial franchise fee for each Center is \$60,000. As each Center is developed, you will execute our current Franchise Agreement and the initial franchise fee for that Center will be credited from the development fee.

The estimated initial investment under a Development Agreement is the estimated initial expenses set forth in the corresponding table above, plus the initial franchise fee for any additional Centers you agree to develop. For example, if you agree to develop two (2) Centers, your estimated initial investment will be the estimated expenses set forth in the table above, plus an additional \$60,000 initial franchise fee for the second Center.

The initial expenses may increase over the term of the Development Agreement based on inflation and other economic factors for the second and subsequent Centers. We strongly recommend that you obtain, before purchasing a franchise or making any other expenditures or

commitments, independent estimates of each expense category from third-party vendors and your accountant. If you agree to develop more than one Center, you should consider the additional capital needed to develop multiple Centers pursuant to the Development Schedule. You should also discuss with current Creative Gardens® franchisees their actual initial costs to open and begin operating their Center and carefully evaluate the adequacy of your total financial reserves.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must acquire and install at the Center, at your expense, the minimum standard supplies/equipment for the Center, playground equipment, program aids, telephone system, computer hardware, software, classroom technology, office and lobby furniture, office equipment and supplies, and indoor and outdoor signs, all as further specified in the Operating Manual (as it may be amended from time to time). You must purchase from us or other suppliers reasonable quantities of current advertising materials for distribution and must maintain an adequate supply of all printed advertising and other promotional materials at the Center at all times.

We have designated and may, in the future and at our discretion, designate suppliers of the equipment, products, services and supplies that meet our standards and requirements, including standards and requirements relating to reputation, quality, prices, consistency, reliability, financial capability, labor relations and customer relations. We will formulate and modify standards and specifications based on our, our affiliates' and our franchisees' experience in operating Creative Gardens System. Our standards and specifications and/or names of approved suppliers will be identified in our Operating Manual or otherwise in writing. You must purchase such equipment, products, services and supplies only from suppliers that we have designated. We have the right, in our discretion, to designate a single supplier or limited number of suppliers, to designate a supplier only as to certain items, and to concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or other benefits. Currently, we have designated suppliers for the Center's accounting software, staff training, business management software, and payroll (see Item 11 below).

We have the right to receive rebates, commissions or other compensation from designated suppliers, and we have the right to designate ourselves or our affiliates as a designated supplier, whether one of many, one of a limited number of suppliers, or the only designated supplier. We negotiate purchase arrangements with some of the suppliers of items sold to franchisees. None of our officers currently owns an interest in any approved supplier, although they may do so in the future. There are no purchasing or distribution cooperatives. We do not provide any material benefits to a franchisee based on the franchisee's purchases of particular products or services or use of designated or approved suppliers or leases from other suppliers by franchisees.

All equipment, program aids, signs, products, services and supplies used or offered for sale at the Center must meet our then-current standards and specifications, as established in the Operating Manual or otherwise in writing. Except as provided by the Franchise Agreement, you must purchase all equipment, program aids, signs, products, services and supplies used or offered for sale at the Center for which we have established standards or specifications solely from

suppliers (including manufacturers, distributors and other sources) which demonstrate, to our continuing reasonable satisfaction, the ability to meet our standards and specifications, who possess adequate quality controls and capacity to supply franchisees' needs promptly and reliably, and who have been approved by us in the Operating Manual or otherwise in writing.

Our specifications for equipping and operating your Center are based upon our standards, as well as those prevailing within educational childcare industry. Further, the early learning childcare industry is highly regulated by state and local governmental agencies who publish their own specifications and requirements. Our specifications and requirements are designed, to the best of our ability, to meet or exceed these state and local government specifications and requirements.

If you desire to purchase products or services from someone other than an approved supplier, you must submit to us a written request to approve the proposed supplier, together with such evidence of conformity with our specifications as we may reasonably require (including drawings, brochures, samples and related items). We may, in our discretion, decline to provide proprietary information to a proposed supplier. We will have the right to require that our representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to us or to an independent testing facility designated by us. A charge not to exceed the reasonable cost of the evaluation and testing must be paid by you. We will use commercially reasonable efforts, within 90 days after our receipt of such completed request and completion of such evaluation and testing (if required by us), to notify you in writing of our approval or disapproval of the proposed supplier. Approval will not be unreasonably withheld provided the supplier meets our quality controls and capacity needs. You must not sell or offer for sale any items of the proposed supplier until our written approval of the proposed supplier is received. We may from time to time revoke our approval of particular equipment, program aids, signs, products, services or suppliers when we determine, in our discretion, that such products or suppliers no longer meet our standards. Upon receipt of written notice of such revocation, you must cease to sell any disapproved products or services and cease to purchase from any disapproved supplier.

We may sell equipment designed and manufactured by us or on our behalf and may license any software which we may develop in the future, at or above cost to pay for the research and development required to make the equipment and software and may earn a profit on the sale or license.

We may identify certain programs or curricula that you are permitted (or, at our option, required) to purchase, use and/or sell to customers. We do not currently derive any revenue from these purchases, but we reserve our right to do so in the future. We also reserve the right to modify or discontinue any of the programs or curricula, in our sole business judgment.

Franchisor's current insurance requirements for Franchisee's center include the following: The minimum amount of insurance required shall be general liability coverage with \$1,000,000 for each occurrence with \$2,000,000 aggregate limits and an umbrella policy with a \$5,000,000 for each occurrence with \$5,000,000 aggregate limits. Franchisor will be added as an additional insured to the general liability and umbrella policies. Abuse/ Molestation coverage with a \$2,000,000 for each occurrence and \$2,000,000 aggregate limit. Accident, medical expense

policy with a minimum limit of \$25,000 per incident. Automobile liability insurance on all Franchisee's vehicles (all Owned, Leased, Non-Owned and Hired Vehicles) with limits of not less than \$1,000,000 combined single limit. Workers' compensation policy covering its employees with a \$1,000,000 limit. For employees driving personal autos on Franchisee's behalf, employees must carry personal automobile insurance with a \$100,000 limit. Insurance premiums are the sole responsibility of the franchisee and at no cost to Franchisor. If insurance provisions are not commercially available, or reasonably priced, at Franchisor's discretion, lower limits may be allowed. Any reduction in limits will be reviewed annually and may be adjusted to minimum insurance requirement based on current insurance market conditions.

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	SECTION IN DEVELOPMENT AGREEMENT	DISCLOSURE DOCUMENT ITEM
a.	Site selection and acquisition/lease	2.2	2.1, 4, 6.1, 16.8 and 16.9	11
b.	Pre-opening purchases/leases	8.6, 8.7 and 8.9	4.3	5, 6, 7 and 8
c.	Site development and other pre-opening requirements	6.1, 6.2 and 6.4	2.1 and 4	11
d.	Initial and ongoing training	7	No provision	6, 7 and 11
e.	Opening	6.3	4.4	11
f.	Fees	5, 6.6 and 15.3.11	3 and 8.3.8	5, 6 and 7
g.	Compliance with standards and policies/ Operating Manual	8.3, 8.4, 8.5 and 10.1	9.2	8 and 11
h.	Trademarks and proprietary information	9 and 11	2.4 and 9.3	13 and 14
i.	Restrictions on products/services offered	8.5, 8.9, 8.10 and 8.11	No provision	8 and 16

j.	Warranty and customer service requirements	No provision	No provision	No provision
k.	Territorial development and sales quotas	2.3	2	12
l.	Ongoing product/service purchases	8.5 and 8.9	No provision	8
m.	Maintenance appearance and remodeling requirements	6.5 and 6.6	No provision	11
n.	Insurance	14	No provision	6 and 7
o.	Advertising	13	No provision	6, 7 and 11
p.	Indemnification	22.3	11.3	6
q.	Owner's Participation/Management staffing	8.1 and 8.2	9.1	11 and 15
r.	Records/reports	12	No provision	6
s.	Inspections/audits	8.5.3 and 12.4	No provision	6 and 11
t.	Transfer	15	8	17
u.	Renewal	3.2	No provision	17
v.	Post-termination obligations	18	7.3 and 9.5	17
w.	Non-competition covenants	19.2 and 19.3	9.4 and 9.5	17
x.	Dispute resolution	28	15	17

ITEM 10

FINANCING

We do not offer direct or indirect financing. We are unable to estimate whether you will be able to obtain financing for all or any part of your investment and, if you are able to obtain financing, we cannot predict the terms of such financing. We do not guarantee your note, lease or obligations with third parties.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

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

Pre-Opening Obligations

Development Agreement

For each Center developed under the Development Agreement, we will provide you with such site selection guidelines and consultation as we deem advisable. (Development Agreement, Section 6.1.) We will provide training to you and your Operations Manager for each Center you develop (Development Agreement, Section 6.2). If you have not received access to the Operating Manual under a Franchise Agreement, we, in our sole and absolute discretion, may provide that access prior to your signing a Franchise Agreement but may require you to sign a confidentiality agreement in a form that we approve. (Development Agreement, Section 9.2.)

Franchise Agreement

Before the Center opens, we will provide the following to you:

1. We will make available to you guidelines for a prototypical Center, including exterior and interior design and layout, fixtures, furnishings, and signs (Franchise Agreement, Section 4.1);
2. We will provide you with electronic access to the Operating Manual upon your completion of the initial training program (Franchise Agreement, Section 4.2);
3. We will provide training to you and your Operations Manager (Franchise Agreement, Sections 4.3 and 7.1);
4. We will provide you with templates to be used in your advertising materials (such as class schedules and Social Media posts) (Franchise Agreement, Section 4.4);
5. We will make available, or designate or approve other suppliers who will make available, to you for purchase products and services at our or the supplier's then-current prices (Franchise Agreement, Section 4.8); and

6. At our option, we may establish and administer a Creative Gardens® brand promotion fund (Franchise Agreement, Sections 4.9 and 13.3).

Continuing Obligations

Development Agreement

Under the Development Agreement, we are not obligated to furnish any assistance to you after the opening of each Center.

Franchise Agreement

After the Center opens, we will provide the following to you:

1. We will provide to you at the time(s) and in the manner determined by us, in our discretion, advice, assistance, and written materials about operations, services, teaching methods, products, and marketing techniques (Franchise Agreement, Section 4.5); and
2. We will make available or designate or approve other suppliers who will make available to you for purchase products and services at our or the supplier's then-current prices for so long as we deem advisable. We may elect to withdraw any or all of the program aids or consumer products from the System at any time, and may elect to sell or distribute, or license others to sell or distribute, the program aids and consumer products for retail sale (Franchise Agreement, Section 4.8).

Advertising Programs

Advertising. All advertising and promotion by you must be in such media and of such type and format as we may approve in writing, must be conducted in a dignified manner, and must conform to the standards and requirements as we may specify (including containing copyright, trademark or other notices we require). You must not use any advertising or promotional materials or programs, or coupons (except as provided in the Franchise Agreement) unless and until you have received written approval from us. You must purchase from us or other suppliers reasonable quantities of current advertising materials for distribution, and must maintain an adequate supply of all printed advertising and other promotional materials at the Center at all times. (Franchise Agreement, Section 13.1.) You must submit to us for prior written approval, which we may withhold in our business judgment, samples of all advertising and promotional materials, programs and marketing plans for any print, broadcast, cable, electronic, computer or other media (including the Internet and social media) that you desire to use and that have not been prepared or previously approved by us within the preceding 6 months. You must not use such plans or materials until they have been approved in writing by us. (Franchise Agreement, Section 13.2.)

We may, from time to time, develop, establish, and market special discount, loyalty or coupon programs designed to induce customers to patronize Creative Gardens® Centers, and we may require you to participate in them. We will notify you of the creation of all such discount, loyalty or coupon programs and will advise you with respect to all of its elements. You must adhere to all elements of the program, but you may charge less than the special discounted rates we require. We reserve the right to establish all such discount, loyalty or coupon programs in our

discretion without consulting or conferring with you or any other franchisee with respect to the nature, content or amount of any discount, loyalty or coupon program. (Franchise Agreement, Section 13.6.)

Brand Fund. During the term of the Franchise Agreement, you must contribute for advertising and promotion to the System's advertising, publicity and marketing fund ("Brand Fund") up to 3% of your Gross Receipts ("Brand Fee") in the amount as we notify you from time to time. Currently, the Brand Fee is 1.5% of your Gross Receipts, but we may change it. The Brand Fee will be calculated and payable at the same time and in the same manner as the royalty fee. Your contributions to the Brand Fund will be in addition to the local marketing expenditures and Cooperative contributions required by the Franchise Agreement. Due to differing forms of franchise agreements or otherwise, some franchisees may have different Brand Fund and/or other obligations than in your Franchise Agreement. (Franchise Agreement, Section 13.3.)

We will direct all advertising programs, with sole discretion over all matters relating to the Brand Fund in any way, including its management, financial matters, expenditures, receipts and/or investments by the Brand Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with their geographic, market, and media placement and allocation. (Franchise Agreement, Section 13.3.1.) The Brand Fund, all contributions to it, and any of its earnings, will be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, preparing, producing, distributing and using advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which we believe will enhance the image of the Creative Gardens® brand and Creative Gardens® System, including but not limited to the costs of preparing and conducting electronic (including Internet-based and social media), radio, television, print, direct mail, and billboard advertising; administering national, regional and other marketing, advertising and promotional programs; developing, maintaining and updating websites, social media sites and emerging technologies; SEO software; email marketing; purchasing media and signage; "brand/image advertising"; research and development of new products and services; conducting surveys and secret shopper programs; funding contests, coupons, and other promotional programs; conducting public relations activities and reputation management; purchasing and distributing promotional items; the development and maintenance of mobile applications, intranets, and other media or devices to foster customer engagement and facilitate communication; and expenses associated with any franchisee advisory council(s).

We or our Affiliates may perform any or all of these functions ourselves, and we are entitled to be reimbursed from the Brand Fund for the proportionate share of our operating expenses, overhead and compensation of our employees devoted to these functions; and/or we may retain third party agencies, paid from the Brand Fund, to perform any and all of these functions. As an alternative to calculating the proportionate share of operating expenses, overhead, and employee compensation attributable to marketing, advertising and promotional activities, we may pay ourselves an administrative fee of up to 10% of the annual aggregate Brand Fees from the Brand Fund, plus reimbursement for our actual out-of-pocket costs on marketing, advertising and promotional activities. While we do not anticipate that any part of the Brand Fund will be used for advertising that is principally a solicitation for franchisees, we reserve the right to use Brand Fees for public relations or recognition of the Creative Gardens® brand and for the development and maintenance of a website, a portion of which can be used to explain the franchise offering and

solicit potential franchisees, and to include a brief statement in any advertisement regarding the availability of information regarding the purchase of Creative Gardens® franchises. (Franchise Agreement, Section 13.3.2.) We are not obligated, in administering the Brand Fund, to make expenditures for you which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly from expenditures by the Brand Fund. (Franchise Agreement, Section 13.3.1.)

All contributions to the Brand Fund will be accounted for separately from our other monies. It is anticipated that all contributions to and earnings of the Brand Fund will be expended during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of the taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions. (Franchise Agreement, Section 13.3.4.) Although the Brand Fund is intended to be of perpetual duration, we reserve the right to terminate the Brand Fund. The Brand Fund will not be terminated, however, until all monies in the Brand Fund have been expended for marketing, advertising and/or promotional purposes. On reasonable written request, we will provide you with an annual statement of monies collected and costs incurred by the Brand Fund for the prior year. We may (but are not required to) have financial statements of the Brand Fund audited, and any related costs will be paid by the Brand Fund. (Franchise Agreement, Section 13.3.5.)

Local Marketing. You must implement a local marketing program in accordance with the Manuals. In addition to the contributions to the Brand Fund, you will be required to spend annually an amount equal to at least 2% of your Gross Revenues or \$10,000, whichever is greater, on local and community-based advertising and marketing programs that are specific to your Franchised Business. All advertising is subject to Franchisor's approval. The franchisee shall submit to Franchisor on a monthly basis, in a form prescribed by Franchisor, verification of its expenditures for local advertising and promotion. You must also display in the Center such materials, signs and brochures as we may designate from time to time, including, but not limited to, prospective franchisee inquiry cards which we will supply.

Advertising Cooperative. We will have the right, in our discretion, to designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to your Center. If a Cooperative has been established applicable to your Center at the time you commence operations under the Franchise Agreement, you must immediately become a member of the Cooperative. If a Cooperative applicable to your Center is established at any later time during the term of your Franchise Agreement, you must become a member of the Cooperative no later than 30 days after the date on which the Cooperative commences operation. (Franchise Agreement, Section 13.5.)

Each Cooperative will be organized and governed in a form and manner, will commence operation on a date, and will operate pursuant to written governing documents, all of which must be approved by us in writing. The voting structure of each Cooperative will be one vote per each franchised Center that is open and in operation. Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to our approval, standardized advertising materials for use by the members in local advertising. No promotional or advertising plans or materials may be used by a Cooperative or furnished to its

members without our prior approval. Each Cooperative will have the right to require its members to make ongoing contributions to the Cooperative in the amounts as are determined by the Cooperative. We reserve the right to require Cooperatives to be changed, dissolved, or merged. (Franchise Agreement, Section 13.5.)

Electronic Media and Devices. We have the right, but not the obligation, to establish and maintain one or more websites, social media sites, or other electronic media and devices, including but not limited to intranets, extranets, applications, and other means of electronic communication or functionality. We may require you to use designated electronic media and/or devices. We have the sole right to control all aspects of these electronic media and devices, including their respective designs, content, functionality, links to other sites, legal notices, and policies and terms of usage. We also have the right to discontinue the use or operation of any or all electronic media at any time with reasonable notice to you. Except as we otherwise approve in advance in writing, you may not establish or maintain any separate websites, social media sites, or other electronic media or devices in connection with your Center. If we grant approval, you must establish and operate the approved electronic media or devices in accordance with our standards and policies. (Franchise Agreement, Sections 13.7, 13.8.)

Technology

We have the right to specify or require that certain brands, types, makes, and/or models of communications equipment, computer systems, and hardware be used by you at, or in connection with your Center, including: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Center; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the “**Computer System**”). (Franchise Agreement, Section 8.7.1.)

We also have the right, but not the obligation, to designate, develop or have developed for the System: (a) computer software programs that you must use in connection with the Computer System (the “**Required Software**”), which you must install at your expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which you must install at your expense; (c) the tangible media upon which you record data; and (d) the database file structure of the Computer System. (Franchise Agreement, Section 8.7.2.)

At our request, you must purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. We have the right at any time to remotely retrieve and use such data and information from your Computer System or Required Software that we deem necessary or desirable. You must, at your own expense, keep your Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. (Franchise Agreement, Section 8.7.3.) There is no limitation on the frequency and cost of your obligation to upgrade the Computer System or Required Software. We do not currently require any annual maintenance, updating, upgrading, or support for the computer systems and POS systems. If the Computer System or Required Software malfunctions, you will be responsible for repairing or replacing it.

You must install and maintain the equipment, make the arrangements, and follow the procedures that we require (including the establishment and maintenance of Internet, intranet, or extranet access or other means of electronic communication, as specified by us) to permit us to access, download, and retrieve electronically, by telecommunication or other designated method, any information stored in your Computer System, including information concerning the Gross Receipts and customers of your Center. We will have access to the information at the times and in the manner that we specify. You must sign any and all agreements that we require concerning the Computer System, Internet, intranet or extranet systems (including our “terms of use” for those systems) and must pay any fee imposed by us in connection with hosting an intranet or extranet system. You must adhere to our privacy policy posted on the Creative Gardens® customer website, as amended from time to time by us (Franchise Agreement, Section 8.7.4.) Your computer will be used for reporting Gross Receipts and other information, communicating with our personnel, and accessing our intranet, among other things.

The table below identifies our current designated suppliers for some of the required programs for the Computer System. We have the right at all times to modify or discontinue any or all of these required services. Any related equipment costs are included as part of our estimated costs in Item 7. Payments are made directly to the designated supplier and the estimated license fees may be subject to change.

Designated Supplier	Current License Fee	Description
QuickBooks Online	\$275 per month	Accounting software
Brightwheel or Smartcare	\$210 per month	Childcare management software. Currently, we allow either program for Centers, but reserve the right to change to a single vendor.
Gusto	\$180 per month	Payroll software
Learning Gene	\$300 per month	Training software

You are also required to sign our current form of Extranet License Agreement to obtain the right to, among other things, access an administrative tool for the input of names and email addresses to effect email communications, mail forwarding, global contact lists, online discussion forums, file libraries, access to the extranet, customer enrollment, credit card verification services and the publishing of this data and other information, and performance of other electronic services as we may identify in our sole and absolute discretion. We have the right at all times to modify or discontinue any or all of these extranet services. Under the Extranet License Agreement, you must pay us our current monthly license fee. Pricing varies, but we currently estimate the monthly cost to be between \$250 to \$400, per Center.

Site Selection

Development Agreement

Under the Development Agreement, before your acquisition by lease or purchase of any site for a Center, you must submit to us, in the form specified by us, a completed site review form, such other information or materials as we may reasonably require, including a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the proposed site. We will have 30 days after receipt of this information to approve or disapprove, in

our sole and absolute discretion, the site as a location for the Center. No proposed site will be deemed approved unless it has been expressly approved in writing by us. You may not make any commitment for a site until we have approved it in writing. Our acceptance of a site will not constitute our judgment, assurance, representation, or warranty of any kind, express or implied, as to the relative desirability of that location in comparison to other locations which you may have identified, as to the suitability of any site for a Center, or the expected success or profitability of a Center at that site. Our acceptance of a site only indicates that the site falls within criteria established by us for our purposes at the time the site is accepted. You are solely responsible for making the final determination as to the suitability of any site accepted by us and satisfaction of all related contingencies. We will furnish you such site selection guidelines and consultation as we determine are appropriate. (Development Agreement, Section 4.2.) You must sign the Franchise Agreement for each Center you wish to develop within 15 days of our written approval of a site for the Center. (Development Agreement, Section 4.1.) Under the Development Agreement, if you and we fail to agree on a proposed site before the date that the first Center is required to open, you will be in default of the Development Agreement, and we have the right, in our discretion, to terminate the Development Agreement without refunding your development fee. We also reserve the right, in our discretion, to require you to continue looking for sites until we approve a site.

Franchise Agreement

You must operate the Center only at the location approved by us (“**Approved Location**”). You will not sign a Franchise Agreement until we have approved the location(s) for the Center. You may not relocate the Center without our prior written approval. We may require, in our discretion, that you sign our then-current form of franchise agreement and a general release prior to granting approval of relocation. (Franchise Agreement, Section 2.2.) You will have up to 18 months from the date you sign the Franchise Agreement to open the Center for operation. We have the right, but not the obligation, to extend this time period if we determine, in our sole discretion, that you are working diligently. If you fail to open the Center within the time period allowed, we have the right to terminate the Franchise Agreement. (Franchise Agreement, Sections 6.3, 17.2.1.). The typical length of time between signing the Franchise Agreement and opening a Center is six months to twelve months. Factors affecting this length of time typically include obtaining a satisfactory site, the timing of training sessions, the delivery and installation of equipment, program aids and consumer products, and the timing of the commencement of class sessions.

Operating Manual

You must operate the Center in accordance with the specifications, standards, methods, policies and operating procedures specified in the Operating Manual and training library made available by electronic means to you. We may revise all or parts of these materials from time to time in our discretion, and once you are notified of the revisions you must operate in accordance with them. The Table of Contents of the Operating Manual is attached to this Disclosure Document as Exhibit E.

Training Programs

Before beginning the operation of your Center, you (or, if you are a corporation, partnership or limited liability company, a principal who owns at least 50% of the entity and is approved by us) must attend and complete to our satisfaction the initial training program for franchisees. If you have designated an Operations Manager at the time that you begin the initial training program, you may enroll the Operations Manager in the same initial training program. We will furnish the initial training program at a time and place, and for such period, as we designate in our discretion. If you (or your principal or Operations Manager) have been previously trained, we may elect to waive initial training or may require attendance at a revised or shortened training program. We may require successful completion of training by all of your supervisory personnel, and we may furnish such training program at reasonable charges and at the times and places as we designate. In the event that your Operations Manager attends an initial training program after your initial training, and for any persons subsequently employed by you as Operations Manager, we may charge our then-current fee for conducting the initial training program. (Development Agreement, Section 6.2.1; Franchise Agreement, Section 7.1.)

We may require (i) you (or, if you are a corporation, partnership or limited liability company, a principal of you who owns at least 50% of the entity and is approved by us) or your principal operating officer and (ii) your Operations Manager and teachers to attend regional training sessions and teacher training programs from time to time in order to maintain consistency in the Creative Gardens® System. We may also require (i) you (or, if you are a corporation, partnership or limited liability company, a principal of you) or your principal operating officer, and (ii) your Operations Manager to attend additional remedial training programs as specified by us whenever, in our opinion, your performance indicates that supplemental training is necessary or appropriate. You must pay us our then-current fee as set forth in the Operating Manual in connection with such regional and remedial training sessions. (Development Agreement, Section 6.2.2; Franchise Agreement, Section 7.2.)

We may offer an annual franchisee meeting to discuss and review new programming ideas and concepts. If we do, you (or a principal who owns at least 50% of the entity and is approved by us) must attend. We will designate the times and places for such annual meetings. You must pay us a fee equal to the then-current per-attendee fee for its annual seminar multiplied by the number of your attendees. (Development Agreement, Section 6.2.4; Franchise Agreement, Section 7.4.) All Center teachers must participate in local, regional and/or national teacher training programs which may include additional training at our headquarters or such other locations as we may designate. (Development Agreement, Section 6.2.5; Franchise Agreement, Section 7.5.)

For all training programs and seminars required by the Franchise Agreement, you will be responsible for any and all other expenses incurred by you or your employees in connection with any such courses, seminars, and programs, including the costs of transportation, lodging, meals, and wages. (Development Agreement, Section 6.2.6; Franchise Agreement, Section 7.6.)

The mandatory initial training program generally takes place at our headquarters in California and/or at company-owned sites in California. The in-person initial training program typically lasts 8 days and averages approximately 9 hours per day. We repeat the initial training

program regularly, usually once each calendar quarter. We may change our initial training program content, schedule, and format at any time.

The subjects currently covered in the initial training program are described below.

TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Business Planning & Analysis	1	2	Company Center / Online
Real Estate & Site Setup	1	2	Company Center / Online
Marketing	1	2	Company Center / Online
Tour, Enrollment & Customer Service	.5	2	Company Center / Online
CRM/CMS	1	2	Company Center / Online
Site Operations	1	32	Company Center / Online
Academic, LMS & Training	1.5	8	Company Center / Online
Finance, HR & Administration	1	2	Company Center / Online
Total Hours	8	52	

The experience of CGDE's instructors is as follows:

<u>Name</u>	<u>Relevant Experience</u>	<u>Position/Subject</u>
Wei Christopher Li	Vice President of Center Operations (5/24 -current); Manager of the Company Centers in California (5/19- current)	Site Operations, Real Estate & Site Setup, Marketing, CRM/CMS
Agnes Lau	Vice President of Academics (5/24 -current); Manager of the Company Centers in California (5/19- current)	Site Operations, Tour, Enrollment & Customer Service, Academic, LMS & Training
Xinkai Chen	President (5/24 – current)	Business Planning & Analysis, Finance

ITEM 12

TERRITORY

Development Agreement

The Development Agreement assigns you a Development Area within which you must develop one or more Centers under a Development Schedule. Each Center developed under the Development Agreement must be located in the Development Area. The Development Area and the Development Schedule will be identified in an exhibit to the Development Agreement. We must approve the site for each Center you propose to develop in the Development Area. The Development Area may be described by reference to county lines, city lines, zip codes, borders of state parks and recreation areas, and other municipal boundaries, as well as natural boundaries such as rivers and man-made boundaries such as railroad tracks and highways. The size of your Development Area could vary depending on the number of sites that you commit to develop and open, the number of children living in the vicinity, and geographic, socioeconomic and psychographic factors, as well as pre-existing conditions in the vicinity, such as previously awarded territories and/or development rights.

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. Except as otherwise described below, the Development Agreement prohibits us from establishing or operating or licensing anyone other than you to establish and operate, a Center under the System and Proprietary Marks at any location in the Development Area during the term of the Development Agreement. However, we retain the rights, among others, on any terms and conditions we deem advisable, and without granting any rights or compensation to you: (a) to establish and operate, directly or indirectly, and license others to establish and operate, Centers, under the System and Proprietary Marks, at any location outside the Development Area, regardless of the proximity to the Development Area or to any Center developed or operated by you; (b) to develop, sell, or distribute, directly or indirectly, or license others to sell or distribute, programs and services of any kind, including types of programs which may or may not be similar to or contain elements of those offered by Creative Gardens® Centers, at any location whether within or outside the Development Area, or through alternate channels of distribution, under the same or different Proprietary Marks; (c) to sell or distribute, directly or indirectly, and license others to sell or distribute, products of any kind, including branded merchandise, at any location whether within or outside the Development Area, or through alternate channels of distribution, under the same or different Proprietary Marks; (d) to develop or become associated with other concepts (including dual branding and/or other franchise systems) whether or not using the System and/or the Proprietary Marks, and to award franchises or other rights for such other concepts whether within or outside the Development Area; (e) to acquire, merge, affiliate with or engage in any other transaction with other businesses (competitive or not), companies and/or units located anywhere, whether within or outside the Development Area (which may include arrangements involving competing outlets and brand conversions (to or from the Creative Gardens® format)); and (f) to use the Proprietary Marks and/or the System in connection with alternate channels of distribution, and, in our discretion, to restrict your use of alternate channels of distribution and/or particular marketing activities. “Alternate channels of distribution” shall include, without

limitation, the Internet, social media platforms and other electronic means of distribution, subscription services, temporary or pop-up locations or events, catalog sales, telemarketing, and direct mail.

Unless sooner terminated in accordance with the terms of the Development Agreement, the Development Agreement will expire on the earlier of the last date specified in the Development Schedule or the date when all of the Centers required by the Development Schedule are open and operating. We may establish or license someone other than you to establish a Center in the Development Area after your completion of the Development Schedule, subject to the territorial protections (if any) provided under the Franchise Agreements you sign during the term of the Development Schedule, as described in this Item, below. If you fail to develop the number of Centers in the time-frame established by the Development Schedule, we have the right to terminate the Development Agreement without an opportunity to cure, to terminate or limit the territorial protection granted under the Development Agreement, to terminate the credit for any or all Centers granted in the Development Agreement, to reduce the number of Centers that you may develop, to withhold evaluation or approval of site proposal packages and refuse to approve the opening of any Center developed under the Development Agreement, and/or to accelerate the Development Schedule.

Franchise Agreement

Except as otherwise provided in the Franchise Agreement, during the term of the Franchise Agreement, we will not establish or operate, or license any other person to establish or operate, a Center under the System and the Proprietary Marks at any location within a specified geographical area, described in the Franchise Agreement (“**Territory**”). The Territory will be defined by reference to distance from your Approved Location. The size of your Territory could vary depending on the number of children living in the area surrounding the Approved Location, and geographic, socioeconomic and psychographic factors. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We retain the rights, among others, on any terms and conditions we deem advisable, and without granting any rights or compensation to you: (a) to establish and operate, directly or indirectly, and license others to establish and operate, a Center, under the System and Proprietary Marks, at any location outside the Territory, regardless of the proximity to the Territory or to your Center; (b) to develop, sell, or distribute, directly or indirectly, or license others to sell or distribute, programs and services of any kind, including (without limitation) types of programs which may or may not be similar to or contain elements of those offered by Creative Gardens® Daycare & Preschool Centers, at any location whether within or outside the Territory, or through alternate channels of distribution, under the same or different Proprietary Marks; (c) to sell or distribute, directly or indirectly, and license others to sell or distribute, products of any kind, including branded merchandise, at any location whether within or outside the Territory, or through alternate channels of distribution, under the same or different Proprietary Marks; (d) to develop or become associated with other concepts (including dual branding and/or other franchise systems) whether or not using the System and/or the Proprietary Marks, and to award franchises or other rights for such other concepts whether within or outside the Territory; (e) to acquire, merge, affiliate with or engage in any other transaction with other businesses (competitive or not),

companies and/or units located anywhere, whether within or outside the Territory (which may include arrangements involving competing outlets and brand conversions (to or from the Creative Gardens® format)); and (f) to use the Proprietary Marks and/or the System in connection with alternate channels of distribution, and, in our discretion, to restrict your use of alternate channels of distribution and/or particular marketing activities. “Alternate channels of distribution” shall include, without limitation, the Internet, social media platforms and other electronic means of distribution, subscription services, temporary or popup locations or events, catalog sales, telemarketing, and direct mail.

You may not establish more than one Center in your Territory. You may not offer or sell products or services from any location other than the Approved Location(s) without our prior written consent, which we are not obligated to give. You may not sell any products or services through alternate channels of distribution. You will not be granted any option, right of first refusal or similar right to acquire additional franchises within your Territory or in a contiguous territory. You may not relocate the Center without our prior written approval. We may require, in our discretion, that you sign our then-current form of franchise agreement and a general release prior to granting approval of relocation.

ITEM 13 TRADEMARKS

Development Agreement

The Development Agreement does not grant you any right to use or license others to use the Proprietary Marks.

Franchise Agreement

You will be granted the right to establish and operate a Center under the Proprietary Marks, including the trademark “CREATIVE GARDENS®”. The principal trademarks that we license you to use under the Franchise Agreement include the following:

<u>Mark</u>	<u>Reg. No</u>	<u>Reg. Date</u>	<u>Classes</u>
	5,965,488	1/21/2020	41, 43

The trademark above is listed on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”) and is owned by Creative Garden Learning, LLC, a subsidiary of ECE Holdings, LLC. As part of a written license agreement, Creative Garden Learning, LLC has granted us a license for the use of the trademark. The license agreement has an indefinite term and can be canceled only by the mutual written consent of both parties.

All affidavits of use and required renewals have been timely filed. There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state, or court nor any pending infringement, opposition, or cancellation proceeding nor any pending material litigation involving the Proprietary Marks that may be relevant to their use in this state or otherwise. We do not know of any superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in this state or elsewhere.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our affiliate's ownership of, right to use and to license others to use, or your right to use, the Proprietary Marks. We have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlements. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. We will defend you against any third-party claim, suit, or demand arising out of your authorized use of the Proprietary Marks. If we, in our discretion, determine that you have used the Proprietary Marks in accordance with the Franchise Agreement, we will bear the cost of your defense, including the cost of any judgment or settlement. If we, in our discretion, determine that you have not used the Proprietary Marks in accordance with the Franchise Agreement, you must bear the cost of your defense, including the cost of any judgment or settlement. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do such acts as may, in our opinion, be necessary to carry out your defense or prosecution, including becoming a nominal party to any legal action. Except to the extent that the litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of the Franchise Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

We reserve the right, in our sole and absolute discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks for use in identifying the System and the businesses operating under these marks. You must promptly comply with any changes, revisions and/or substitutions. You must bear all costs of modifying your signs, advertising materials, interior graphics and any other items to conform to our new Proprietary Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We and/or our affiliates are the owner of copyright in various literary, artistic and commercial works used in the franchise activities. You are given a license and right to use this copyrighted material subject to the terms of and for the sole purpose of operating a Center under a Franchise Agreement.

The copyrighted material described above is not registered with the United States Copyright Office or any state agency. We are not required by the Franchise Agreement to protect the rights with which you have to use any of this copyrighted material. We are not aware of any

infringing uses of the copyrighted material that could materially affect your use of the material. We are not aware of any presently effective determinations of the United States Copyright Office or of any state or of any court involving this copyrighted material. There are no agreements which limit our right to use or license the use of this copyrighted material in any manner material to the franchise. We may develop books, articles and pamphlets about the Creative Gardens® System. You may use these materials in accordance with the Franchise Agreement and as may be further described in the Operating Manual or otherwise.

Confidential Manuals

In order to protect our reputation and goodwill and to maintain high standards of operation under the System, you must operate the Center in accordance with the specifications, standards, methods, policies, and operating procedures specified in the Operating Manual. Upon your completion of our initial training program to our satisfaction, we will provide you with access to the Operational Manual for the term of your Franchise Agreement.

You must treat the Operating Manual, its information, any other materials created for or approved for use in the operation of the Center as confidential and must use all reasonable efforts to maintain such information as secret and confidential. You must not print, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. We may modify, add to, and delete from, the Operating Manual at any time, and you must comply with each new or changed standard, method, policy and procedure promptly and at your sole expense. The electronic copy (or, if unavailable, the paper copy) of the Operating Manual maintained by us at our Home Office will be controlling in the event of any dispute as to the Operating Manual's contents. You must use the Operating Manual solely for the operation of the Center.

Confidential Information

You must not, during and after the term of the Development Agreement or Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company, corporation or other entity any confidential information, knowledge or know-how concerning the methods of operation of the business franchised under the Franchise Agreement, including (without limitation) the methods of implementing the Creative Gardens® System; contents of video training tapes, trainings, lesson plans, seminars and workshops conducted by us; methods, techniques, specifications, procedures, information, lesson plans, systems and knowledge of and experience in the development, operation, and franchising of Creative Gardens® Centers; marketing programs and promotional aids; knowledge of test, research and development programs for the development and introduction of products and services to be sold at Creative Gardens® Centers; business forms; accounting procedures; information bulletins; proprietary software; and customer lists and information, which may be communicated to you or of which you may be apprised or develop by virtue of your operation under the terms of the Franchise Agreement. You may divulge this confidential information only to those of your employees who must have access to it in order to operate the Center and provided they are bound to written confidentiality obligations as described in the Franchise Agreement. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Development Agreement or Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

During the term of your Franchise Agreement, you (or, if you are a corporation, partnership or limited liability company, at least one of your principals who has signing authority on behalf of the corporation, partnership or limited liability company and is approved by us) must devote full time and best efforts to the management and operation of the Center, and must not engage in any other outside activities which will interfere with the performance of the duties required of you under the Franchise Agreement. You (or, if the Franchisee is a corporation, partnership or limited liability company, a principal of the entity who has signing authority on behalf of the corporation, partnership or limited liability company and who is approved by us) must be in charge of its day-to-day operations.

If at any time you desire to designate a person other than yourself (or, if you are a corporation, partnership or limited liability company, the approved principal) as the Operations Manager for the Center or desire to designate another person as Operations Manager, the designation or change will require our prior written approval, which approval will be given provided the proposed individual (i) attends a personal meeting at CGDE's principal office without expense to CGDE, if requested by CGDE, (ii) satisfies our then-current standards for new franchisees, except for monetary requirements, and (ii) attends (and pays a reasonable fee for attending) the next initial training program and all subsequent regional training sessions and annual seminars, if requested by us.

The Center must be personally managed on a full-time basis by a person who has successfully completed all training required by us and meets all of our other then-current standards. We strongly recommend that you personally manage your Center on an "on-premises" basis. You must keep us advised of the identities of the Operations Manager and other supervisors of the Center, and we will have the right to communicate directly with the Operations Manager on matters pertaining to day-to-day operations of, and reporting requirements for, the Center, or we may elect to communicate directly with you even if you have hired an Operations Manager. You must hire all employees of the Center and be solely responsible for their supervision and possible termination, the terms of their employment and compensation, and for their proper training in the operation of the Center. You will establish and maintain for the Center an ongoing training program, meeting our standards, for new and continuing employees.

You must require your Operations Manager and other personnel having access to any of our confidential information to execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by you (attached as Exhibit C to the Franchise Agreement, and Exhibit D to the Development Agreement); where permitted by law, we may require that some or all of your employees execute non-competition covenants. An original of each executed agreement must be available for our inspection during business hours, and, on our request, you must promptly deliver to us copies of the executed agreements. You (or, if the Franchisee is a corporation, partnership or limited liability company, all of your principals and owners) will also be required to personally guarantee all of your obligations under the Franchise Agreement and Development Agreement.

You must open the number of sites in accordance with the agreed-upon Development Schedule in the Development Agreement and to operate each site at a level of operation consistent with our then-current policies. See Item 12.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) sell or offer for sale only those products and services as we have expressly approved for sale in writing and as described in the Operating Manual; (2) refrain from any deviation from our standards and specifications without our prior written consent; and (3) discontinue selling and offering for sale any products and services which we may, in our discretion, disapprove in writing at any time. All equipment, program aids, signs, products and supplies used or offered for sale at the Center must meet our then-current standards and specifications, as established in the Operating Manual or otherwise in writing. See Item 8. We have the right to change the types of authorized products and services, and there are no limits on our right to make changes.

You must offer and sell approved products and services only from the Approved Location, except as authorized by us in writing, and only in accordance with the requirements of the Franchise Agreement and the procedures set forth in the Operating Manual. You must not offer or sell products through any other means or locations. You must only offer or sell products and services to retail customers for their use and consumption and not for resale. So long as we require you to carry consumer products, you must at all times maintain an inventory of those items in the minimum quantities we specify from time to time. You must immediately cease to sell or distribute program aids and consumer products we designate upon receipt of a notice from us.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

The following tables list important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Term of the Franchise	Section 3.1	10 years from date the Franchise Agreement is signed.
b.	Renewal or extension of the term	Section 3.2	If you satisfy the requirements listed in (c) below, you will be eligible for a successor franchise for one additional 10- year term. You must sign our then-current form of franchise agreement, which may contain materially different terms and conditions than your initial Franchise Agreement.
c.	Requirements for you to renew or extend	Section 3.2	Conditions include: give timely notice; renovate physical premises; not be in default (or have been in default); have satisfied all monetary obligations; have right to possess the premises during renewal term; sign then-current form of Franchise Agreement; sign a general release; comply with qualification and training requirements; pay a renewal fee equal to 10% of then-current initial franchise fee; and be current on all obligations to your landlord, suppliers, and others with whom you do business.
d.	Termination by you	None	Not applicable.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	Section 17	CGDE has the right to terminate with cause.
g.	“Cause” defined - defaults which can be cured	Section 17.3	Unless otherwise specified, you have 30 days to cure: non-compliance with the Franchise Agreement (except those defaults listed in (h) below); failure to report Gross Receipts (10 day cure period); non-payment of monies or failure to remain current in your payment obligations to us (10 day cure period); failure to maintain insurance (5 day cure period); failure to obtain our prior written approval or consent; using confusingly similar names or marks; failure to retain records; and others.
h.	“Cause” defined - defaults which cannot be cured	Sections 17.1, 17.2 and 17.4	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure, or other similar filings or proceedings; final or unsatisfied judgments; failure to locate an Approved Location or to timely open for business; failure to complete training; abandonment; material misrepresentation or omission in your franchise application or financial reports; conviction of a crime; unapproved transfers; approved transfer not timely effected; failure to comply with covenants; unauthorized disclosure of confidential information; misrepresentation to us or our affiliates; 3 or more customer

			complaints within 6 months, or 5 or more customer complaints within 12 months; failure to comply with our “terms of use” or privacy policies; refusal to permit inspections; trademark misuse; repeated defaults even if cured; failure to respond to our communication attempts; your or your affiliate’s default under the franchise agreement or specified defaults under any other agreement with us or our affiliates; and others.
i.	Your obligations on termination/ non-renewal	Section 18	Obligations include: cease operations of the Center, and use of our confidential information and Marks; cancel assumed name or equivalent registrations, de-identification; payment of amounts due to us and our affiliates; return any hard copies, and delete all electronic copies, of the Operating Manual; return all customer lists and all other confidential information; dispose of all play equipment by destroying it or transferring to another franchisee; cease use of any domain name, URL or home page address containing the Marks; assign or provide access to any social media accounts associated with the Marks; compliance with post-termination non-competition agreement; sign a general release; and others.
j.	Assignment of contract by us	Section 15.1	No restriction on our right to transfer or assign the Franchise Agreement.
k.	“Transfer” by you - defined	Section 15.2	Includes transfer of Franchise Agreement, any direct or indirect interest in the Franchisee, or all or substantially all of the assets of the Center.
l.	Our approval of transfer by you	Section 15.2	All transfers require our prior written consent, which will not be unreasonably withheld.
m.	Conditions for our approval of transfer	Section 15.3	Conditions of approval include: timely written notification to us of the proposed transfer; our prior written consent; you are not in default of any provision of the franchise agreement or specified provisions of other agreements with us or our affiliates; transferee meets our qualifications; transferee expressly assumes all of your obligations to us; your monetary and other obligations have been satisfied; the Center is in compliance with our then-applicable specifications and standards for new or renewing Centers; transferee completes all required training programs; transferee timely obtains permits and licenses; you remain liable for all of the obligations to us which arose before the date of transfer, and you sign all instruments which we reasonably request to evidence this liability; all required consents have been obtained; transferee enters into a written assignment and guaranty, if applicable; transferee signs our then-current form of franchise agreement; transferor signs a general release; you or transferee pays a non-refundable transfer fee; and others.
n.	Our right of first refusal to acquire your business	Sections 15.6	We have a right of first refusal for any proposed transfer of interest in the Center.
o.	Our option to purchase your business	None	Not applicable.
p.	Your death or disability	Section 15.5	Upon your death or disability, an approved transfer must occur within 6 months.

q.	Non-competition covenants during the term of the franchise	Section 19.2	During the term of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in any Similar Business located anywhere. A “Similar Business” includes any business offering or involved with early childhood learning and childcare services including but not limited to before and after school care, extended daycare services as well as any business that offers, sells, distributes, provides, or is otherwise involved or deals with any products or services authorized by us to be offered at, from, or by Creative Gardens® Centers.
r.	Non-competition covenants after the franchise is terminated or expired	Section 19.3	For 5 years after termination, expiration, or transfer of the Franchise Agreement, you may not own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in any Similar Business which is located within your Territory, within 40 miles of your Center, or within 40 miles of any business operating under the Proprietary Marks.
s.	Modification of the agreement	Section 26	All amendments, changes, or variances from the Franchise Agreement must be in writing.
t.	Integration/merger clause	Section 26	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 28.2	Most disputes and claims relating to the Franchise Agreement must first be submitted to mediation. If the claim cannot be resolved through mediation, litigation is available.
v.	Choice of forum	Section 28.3	Any judicial proceeding will be held in the judicial district in which we have our principal place of business at the time the action is commenced (subject to state law).
w.	Choice of law	Section 28.1	All provisions governed by the laws of the state or jurisdiction where the Center is located, except that such state or jurisdiction’s franchise registration, disclosure, or relationship law will only apply where the jurisdictional requirements of the law are otherwise met.

The following tables list important provisions of the Development Agreement. You should read these provisions in the Development Agreement attached to this Disclosure Document.

THE FRANCHISE RELATIONSHIP

	PROVISION	SECTION IN DEVELOPMENT AGREEMENT	SUMMARY
a.	Length of the term	Section 5	The earlier of (1) the last date specified in the Development Schedule; or (2) the date when all of the Centers required by the Development Schedule are open and operating.

b.	Renewal or extension of the term	None	Not applicable.
c.	Requirements for you to renew or extend	None	Not applicable.
d.	Termination by you	None	Not applicable.
e.	Termination by us without cause	None	Not applicable.
f.	Termination by us with cause	Section 7	We have the right to terminate with cause.
g.	“Cause” defined - defaults which can be cured	None	Not applicable.
h.	“Cause” defined - defaults which cannot be cured	Sections 7.1 and 7.2	Non-curable defaults include: insolvency, bankruptcy, dissolution, foreclosure or other similar findings or proceedings; final or unsatisfied judgments; your non-compliance with the Development Agreement (including the Development Schedule), Franchise Agreement or any other agreement with us or our affiliates; transfer or attempted transfer in violation of the Development Agreement; and others.
i.	Your obligations on termination/ non-renewal	Section 7.3	Obligations include: loss of rights granted under the Development Agreement; and others.
j.	Assignment of contract by us	Section 8.1	No restrictions on our right to transfer or assign the Development Agreement.
k.	“Transfer” by you - defined	Section 8.2	Includes transfer of the Development Agreement, any direct or indirect interest in the Developer, or all or substantially all of the assets of the Centers developed under the Development Agreement.
l.	Our approval of transfer by you	Section 8.2	All transfers require our prior written consent, which will not be unreasonably withheld.
m.	Conditions for our approval of transfer	Section 8.3	Conditions include: your monetary and other obligations have been satisfied; you are not in default of any material provisions of the Development Agreement; transferee enters into a written assignment assuming to discharge all of your obligations; transferee meets our qualifications; transferee signs a new Development Agreement; each Center opened under the Development Agreement is in full compliance with the applicable Franchise Agreement; you remain liable for all obligations of your business before the date of your transfer; transferor signs a general release; you pay a non-refundable transfer fee; and you first offer to sell that interest to us.
n.	Our right of first refusal to acquire your business	Section 8.5	We have a right of first refusal for any proposed transfer of interest.
o.	Our option to purchase your business	None	Not applicable.
p.	Your death or disability	Section 8.6	Upon the death, physical or mental incapacity of Developer or any person with an interest in Developer, an approved transfer must occur within 6 months.

q.	Non-competition covenants during the term of the Development Agreement	Section 9.4	During the term of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in any Similar Business located anywhere.
r.	Non-competition covenants after the Development Agreement is terminated or expires	Section 9.5	For 5 years after termination, expiration, or transfer of the Development Agreement, you may not own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in any Similar Business which is located within your Development Area, within 40 miles of your Development Area, within the state(s) in which your Development Area is located, or within 40 miles of any business operating under the Proprietary Marks.
s.	Modification of the agreement	Section 14	All amendments, changes, or variances from the Development Agreement must be in writing.
t.	Integration/merger clause	Section 14	Only the terms of the Development Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Development Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Section 15.2	Most disputes and claims relating to the Development Agreement must first be submitted to mediation. If the claim cannot be resolved through mediation, litigation is available.
v.	Choice of forum	Section 15.3	Any judicial proceeding will be held in the judicial district in which we have our principal place of business at the time the action is commenced (subject to state law).
w.	Choice of law	Section 15.1	All provisions to be governed by the laws of the state or jurisdiction where the Developer's principal place of business is located, except that such state or jurisdiction's franchise registration, disclosure, or relationship law will only apply where the jurisdictional requirements of the law are otherwise met.

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchises, but We may do so in the future.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/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.

This financial performance information has been prepared in accordance with generally accepted accounting principles and is based on historical results. Written substantiation of the financial performance representation will be made available to prospective franchisees upon reasonable request. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised Center.

Our affiliate, ECE Holdings, LLC’s subsidiaries operate three Creative Gardens® Centers as of December 31, 2024 (“Company Centers”). The table below provides Annual Gross Revenue information for Company Centers and is based on unaudited financial statements for each Company Center. Annual Gross Revenue is revenue minus sales tax, refunds, adjustments and credits.

Annual Gross Revenue	2024	2023	2022
Sausalito, CA	\$3,263,586	\$3,283,104	\$2,257,934
Valencia, CA (Median Gross Revenue)	\$,2434,660	\$2,255,016	\$1,990,680
Ashburn, VA	\$1,492,783	\$1,434,718	\$1,176,986
Average Gross Revenue	\$2,397,010	\$2,324,279	\$1,808,533

These Company Centers were operating for the full twelve-month periods in 2022, 2023 and 2024 and offer the same system and services as the franchise being offered to you.

The Valencia Center opened in October 2019 and is located in an urban community of San Francisco. It has approximately 5,500 square feet and four (4) classrooms. The Sausalito Center opened in June 2021 and is located in a suburban community of San Francisco. It has approximately 8,300 square feet and seven (7) classrooms. The Ashburn Center opened in March 2020 and is located in a suburban community. It has approximately 10,879 square feet and eight (8) classrooms.

A typical franchised Center will range in size from approximately 5,500 to 8,300 square feet, depending on the number of classrooms. The Ashburn Center is larger than a typical franchised Center.

These Company Centers have been operating for several years with a strong customer base and reputation in their communities. Your Center may be the first Creative Gardens in its trade area and located in a less populated urban or suburban area which may have an impact on your Center's level of gross revenues and timing to reach such gross revenues reflected above.

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

Other than the preceding financial performance representation, 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 Center, however, we may provide you with the actual records of that Center. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Xinkai Chen at xkc@egece.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

CENTERS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEM WIDE CENTERS SUMMARY For Fiscal Years 2022 to 2024

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	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company-Owned	2022	3	3	0
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	3	3	0
	2023	3	3	0
	2024	3	3	0

Our fiscal year end is December 31st.

Table No. 2
TRANSFERS OF CENTERS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
For Fiscal Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
States	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3
STATUS OF FRANCHISED CENTERS
For Fiscal Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Termin- ations	Column 6 Non- Renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

Table No. 4
STATUS OF COMPANY CENTERS
For Fiscal Years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
California	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Virginia	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Total	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

The Creative Gardens® Company Centers are owned by ECE subsidiaries.

Table No. 5
PROJECTED OPENINGS
AS OF DECEMBER 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Current Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Current Fiscal Year
California	0	1	0
Total	0	0	0

Attached as Exhibit A-1 is a list of names, addresses and telephone numbers of all of our franchisees as of the Issuance Date. We list on Exhibit A-2 of this Disclosure Document the name and last known contact of franchisees (some may have had multiple outlets) who either (i) had an outlet terminated, transferred, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recent fiscal year, or (ii) have not communicated with us within ten weeks of the date of this Disclosure Document. If you

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

No franchisees have signed confidentiality clauses during the last three fiscal years that restrict their ability to speak with you about their franchised business. We have not created, sponsored, or endorsed any trademark-specific franchisee organization associated with our system and no such association has asked to be included in this disclosure document.

ITEM 21

FINANCIAL STATEMENTS

Our audited financial statement for the period dated May 23, 2024 to December 31, 2024, is attached as Exhibit B. Our fiscal year end is December 31st.

ITEM 22

CONTRACTS

The following agreements are attached to this Disclosure Document:

- (a) Development Agreement (with exhibits) – **Exhibit C**
- (b) Creative Gardens Center Franchise Agreement (with exhibits) – **Exhibit D**
- (c) Subordination Agreement – **Exhibit F**
- (d) Extranet License Agreement – **Exhibit J**
- (e) E-Mail Use Agreement – **Exhibit K**

ITEM 23

RECEIPTS

You will find copies of a detachable receipt in Exhibit M at the very end of this disclosure document. You should sign both copies of the receipt. Keep one copy for your records and return one copy to us. The name, principal business address and telephone number of each franchise seller offering the franchise are identified on the Receipts.

If these pages or any other pages or exhibits are missing from your copy of the Disclosure Document, please contact us at the address and phone number on the cover page of this Disclosure Document.

EXHIBIT A-1 TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

LIST OF U.S. FRANCHISEES
As of December 31, 2024

NONE

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

KNAV CPA LLP

Certified Public Accountants

One Lakeside Commons, Suite 850

990 Hammond Drive NE, Atlanta, GA 30328



America Counts on CPAs

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Independent Auditor's Report

To the Members',
Creative Gardens DE LLC

Opinion

We have audited the accompanying financial statements of Creative Gardens DE LLC (the 'Company'), which comprise the balance sheet as of December 31, 2024, and the related statements of loss, changes in members' equity, and cash flows for the period from May 23, 2024, to December 31, 2024, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows for the period from May 23, 2024, to December 31, 2024, in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are required to be independent of Creative Gardens DE LLC, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibility for the audit of the financial statements

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



aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

KNAV CPA LLP

Atlanta, Georgia
May 04, 2025

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Financial Statements

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Balance sheet

(All amounts in United States Dollars, unless otherwise stated)

As at

December 31, 2024

ASSETS

Current assets

Cash	1,983,540
Total current assets	1,983,540
TOTAL ASSETS	1,983,540

LIABILITIES

Current liabilities

Accounts payable	1,000
Due to member	208
Total current liabilities	1,208
Total liabilities	1,208

Members' equity

Members' equity	2,000,000
Accumulated deficit	(17,668)
Total members' equity	1,982,332
TOTAL LIABILITIES AND MEMBERS' EQUITY	1,983,540

(The accompanying notes are an integral part of these financial statements)

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Statement of loss

(All amounts in United State Dollars, unless otherwise stated)

For the period from
May 23, 2024, to
December 31, 2024

Revenue from operations	-
Total revenue	-
General and administrative expenses	17,668
Total expenses	17,668
Net loss	(17,668)

(The accompanying notes are an integral part of these financial statements)

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Statement of changes in members' equity

(All amounts in United States Dollars, unless otherwise stated)

	Members' contribution	Accumulated deficit	Total members' equity
Members' equity as of May 23, 2024	-	-	-
Investments during the period	2,000,000	-	2,000,000
Net loss for the period	-	(17,668)	(17,668)
Members' equity as of December 31, 2024	2,000,000	(17,668)	1,982,332

(The accompanying notes are integral part of these financial statements)

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Statement of cash flows

(All amounts are in United State Dollars, unless otherwise stated)

**For the period from
May 23, 2024, to
December 31, 2024**

Cash flows from operating activities

Net loss	(17,668)
----------	----------

Changes in operating liabilities

Accounts payable	1,000
------------------	-------

Due to member	208
---------------	-----

Net cash used in operating activities	(16,460)
--	-----------------

Cash flows from financing activities

Investments from members	2,000,000
--------------------------	-----------

Net cash provided by financing activities	2,000,000
--	------------------

Net increase in cash	1,983,540
-----------------------------	------------------

Cash at the beginning of the period	-
-------------------------------------	---

Cash at the end of the period	1,983,540
--------------------------------------	------------------

(The accompanying notes are an integral part of these financial statements)

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

Notes to Financial Statements

NOTE A - NATURE OF OPERATIONS

Creative Gardens DE LLC ("the Company") was formed on May 23, 2024 in the State of Delaware. It is part of Creative Gardens Early Childhood Education Group which has a common shareholder with Gymboree Play & Music worldwide. Creative Gardens DE LLC was formed to franchise, sell and support centres operating under the Creative Gardens trademark which provide early childhood education services including Daycare and Preschool to children from six weeks to six years old. The financial statements are prepared for the purpose of Franchise Disclosure Document ("FDD").

As of December 31, 2024, the Company's ownership structure comprises three members: Fenghuang Holdings Limited ("FHL") with a 55% ownership interest, SMCG LLC ("SMCG") holding a 30% ownership interest and Creative Childhood Education Inc. ("CCE") with a 15% ownership interest.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial

1. Basis of Accounting

- a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America ('US GAAP'), to reflect the balance sheet, statement of loss, members' equity, and cash flows.
- b. All the amounts are in United States Dollars except as otherwise specified.
- c. The financial statements are prepared for the period from May 23, 2024, (date of formation) to December 31, 2024, therefore these financial statements are prepared on a non-comparative basis.

2. Cash

The carrying value of cash approximates fair value because of the short maturities of those financial instruments. Cash balances in bank accounts are insured by Federal Deposit Insurance Corporation up to an aggregate of \$250,000 per depositor at each financial institution.

3. Income Taxes

The Company is a partnership for income tax reporting purposes. In lieu of corporation income taxes, the members separately account for their pro-rata shares of the Company's items of income, deductions, losses, and credits. Accordingly, no income taxes have been recognized in the accompanying financial statements.

In accordance with Financial Accounting Standards Board ASC Topic 740, Income Taxes, management evaluated the Company's tax positions and concluded that the Company had taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties are classified as an expense when incurred.

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

4. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting periods. Management believes that there are no estimates used in the preparation these financial statements. Any revision to accounting estimates is recognized prospectively in the current and future periods.

5. *Fair Value Measurements and Financial Instruments*

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

The Company's financial instruments consist of cash and cash equivalents and related party payables. The estimated fair value of these instruments approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

NOTE C - CASH

Cash includes the following:

	As at December 31, 2024
Balance with bank	1,983,540
Total	1,983,540

NOTE D - RELATED PARTY TRANSACTIONS

Related parties with whom transactions have taken place during the year:

Members of the Company:

Creative Childhood Education Inc.

Fenghuang Holdings Limited

SMCG LLC

Enterprise over which Members' have significant influence:

ECE Holdings, LLC*

The summary of balances due from related parties are as follows:

	As at December 31, 2024
Due to member:	
SMCG, LLC	208
Total	208

The summary of transactions with related parties are as follows:

	For the period from May 23, 2024, to December 31, 2024
Investments from members:	
Creative Childhood Education Inc.	300,000
Fenghuang Holdings Limited	1,100,000
SMCG LLC	600,000
Total	2,000,000

Expenses incurred by related party, on behalf of the Company:

SMCG LLC	208
Total	208

Creative Gardens DE LLC

Financial Statements

For the period from May 23, 2024, to December 31, 2024

* ECE Holdings, LLC is under common control with the Company through shared majority ownership by Fenghuang Holdings Limited and SMCG LLC. While there were no transactions during the period, this relationship is disclosed due to the affiliated structure and shared ownership.

Daycare and Preschool operations have been separated into two distinct companies: one directly owned and the other franchised under the same trademark, 'Creative Gardens'. ECE Holdings, LLC, and its subsidiaries, manages the directly-owned Daycare and Preschool operations.

NOTE E - SUBSEQUENT EVENTS

The Company evaluated subsequent events and transactions that occurred after the balance sheet date up to the date these financial statements were available to be issued (May 04, 2025) . Based upon this evaluation, the Company did not identify any subsequent events that would have required adjustment or disclosure in the financial statements.

EXHIBIT A-2 TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

LIST OF FORMER FRANCHISEES
As of December 31, 2024

NONE

EXHIBIT C TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

DEVELOPMENT AGREEMENT

CREATIVE GARDENS DE LLC

CREATIVE GARDENS

DEVELOPMENT AGREEMENT

**CREATIVE GARDENS DEVELOPMENT AGREEMENT
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CREATIVE GARDENS®
DEVELOPMENT AGREEMENT

This Development Agreement (this “**Development Agreement**”) is effective as of _____, 202__, by and between CREATIVE GARDENS DE LLC, a Delaware limited liability company with its principal place of business at 8 The Green Suite A, Dover DE 19901 (“**Franchisor**”), and _____, a [corporation/limited liability company/partnership], with its principal place of business at _____ (“**Developer**”).

INTRODUCTION

- A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, the System (as defined below);
- B. The System is identified by means of the Proprietary Marks (as defined below); Developer desires to obtain certain development rights to open and operate one or more Centers (as defined below), and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and
- C. Developer understands and acknowledges the importance of Franchisor’s high standards of quality, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

1. DEFINITIONS

For purposes of this Development Agreement, capitalized terms will have the meanings ascribed to them, below.

1.1 “**Affiliate**” means any person, company or other entity which controls, is controlled by, or is under common control with, another person, company or other entity.

1.2 “**Center**” means any Creative Gardens business to be developed by Developer under this Development Agreement.

1.3 “**Development Area**” means the geographic area described in Exhibit A hereto.

1.4 “**Development Fee**” means the development fee set forth in Section 3.1 below.

1.5 “**Development Schedule**” means the development schedule set forth in Exhibit A hereto.

1.6 “**Franchise Agreement**” means a Creative Gardens Center Franchise Agreement.

1.7 “**Manuals**” means one or more confidential handbooks, manuals, bulletins and/or volumes, other written materials, and video, audio and/or software media (including materials distributed electronically or otherwise), regardless of title, containing (among other things) specifications, standards, policies and procedures prescribed from time to time by Franchisor and to be complied with by Developer in Developer’s operation and performance under this Development Agreement. The Manuals include all changes and supplements issued by Franchisor in the future, each of which Developer shall promptly comply with.

1.8 Deleted.

1.9 Deleted.

1.10 Deleted.

1.11 Deleted.

1.12 “**Proprietary Marks**” means certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark “Creative Gardens” as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

1.13 “**Similar Business**” means any business that now and/or in the future offers, sells, distributes, provides or is otherwise involved or deals with, whether at wholesale, retail or otherwise (and any business similar to and/or competitive with such businesses), any products and/or services now or in the future required or permitted by Franchisor to be offered at or from a Center, or similar products and/or services. The term “Similar Business” includes a business that licenses or franchises a Similar Business to or from another person.

1.14 “**System**” or “**Creative Gardens® System**” means Franchisor’s distinctive system for the establishment and operation of Centers which offer early childhood learning and child care services to children from six weeks to six years old as the Franchisor develops or designates from time to time, under the trade name “Creative Gardens”. The System includes, without limitation, the distinctive image, design, appearance, layout and color scheme of a Center; design, style, color and other distinguishing characteristics of fixtures, showcases, signs and furnishings; layout, design and selection of equipment; specifications used in preparing products for sale; methods used for selecting, purchasing, marketing, displaying and selling products; operating, marketing and other systems, procedures and standards; and the standards of quality, service and cleanliness used in the operation of a Center; all of which may be changed, improved and further developed by Franchisor from time to time.

2. **GRANT**

2.1 Grant of Development Rights. Franchisor hereby grants to Developer, pursuant to the terms and conditions of this Development Agreement, the development rights, and Developer hereby undertakes the obligation, to establish _____(____)

Centers in accordance with the Development Schedule, and to operate each Center under separate franchise agreements (as provided in Sections 2.2 and 4.1 hereof) in accordance with the System. Each Center developed hereunder shall be located in the Development Area.

2.2 Franchise Agreements. Each Center developed hereunder shall be established and operated pursuant to a separate Creative Gardens Center Franchise Agreement entered into between Developer and Franchisor in accordance with Section 4.1 hereof.

2.3 Development Area. Except as otherwise provided in this Development Agreement, during the term of this Development Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, a Center under the System and the Proprietary Marks at any location within the Development Area. Franchisor, for itself and its Affiliates, retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Developer any rights or compensation:

2.3.1 to establish and operate, directly or indirectly, and license others to establish and operate, one or more Centers under the System and the Proprietary Marks at any location outside the Development Area, regardless of the proximity to the Development Area or to any Center developed or to be developed by Developer;

2.3.2 to develop, sell, or distribute, directly or indirectly, or license others to sell or distribute, programs and services of any kind, including (without limitation) other types of programs which may or may not be similar to or contain elements of those offered by Centers, at any location whether within or outside the Development Area, or through alternate channels of distribution, under the same or different Proprietary Marks;

2.3.3 to sell or distribute, directly or indirectly, and license others to sell or distribute, products of any kind, including branded merchandise, at any location whether within or outside the Development Area, or through alternate channels of distribution, under the same or different Proprietary Marks;

2.3.4 to develop or become associated with other concepts (including dual branding and/or other franchise systems) whether or not using the System and/or the Proprietary Marks, and to award franchises or other rights for such other concepts whether within or outside the Development Area;

2.3.5 to acquire, merge, affiliate with or engage in any other transaction with other businesses (competitive or not), companies and/or units located anywhere, whether within or outside the Development Area. Such transactions may include, without limitation, arrangements involving competing outlets and brand conversions (to or from the Creative Gardens® format). Such transactions are permitted under this Development Agreement, and Developer agrees to fully participate in any such conversion, including all re-branding, all at Developer's sole expense; and

2.3.6 to use the Proprietary Marks and/or the System in connection with alternate channels of distribution, and, in Franchisor's sole discretion, to restrict Developer's use of alternate channels of distribution.

2.4 Alternate Channels of Distribution. The term “alternate channels of distribution” shall include, without limitation, the Internet, social media platforms and other electronic means of distribution, subscription services, temporary or popup locations or events, catalog sales, telemarketing, and direct mail.

2.5 Limitation of Rights. Developer acknowledges and agrees that this Development Agreement is not a franchise agreement and does not grant to Developer any right to use in any manner Franchisor’s Proprietary Marks or System. Developer shall have no right under this Development Agreement to license others to use in any manner the Proprietary Marks or System.

2.6 Deleted.

3. DEVELOPMENT FEE

3.1 Development Fee. In consideration of the development rights granted herein, Developer shall pay to Franchisor, upon execution of this Development Agreement, the Development Fee of _____ Dollars (\$ _____), receipt of which is hereby acknowledged by Franchisor. The Development Fee shall be deemed fully earned and non- refundable upon execution of this Development Agreement in consideration of the administrative and other expenses incurred by Franchisor and for the development opportunities lost or deferred as a result of the rights granted to Developer herein.

3.2 Initial Franchise Fee Credit. Except as otherwise provided herein, Franchisor shall credit the Development Fee against the initial franchise fee payable under each Franchise Agreement to be executed hereunder, which credit shall be made upon Developer’s execution of each such Franchise Agreement.

4. DEVELOPMENT OBLIGATIONS

4.1 Execution of Franchise Agreements. In exercising its development rights and fulfilling its development obligations under this Development Agreement, Developer shall execute a Creative Gardens Franchise Agreement for each Center at a site approved by Franchisor in the Development Area as hereinafter provided. Developer shall execute such Franchise Agreement within fifteen (15) days of Franchisor’s written site approval pursuant to Section 4.2 below. The Franchise Agreement for each Center developed hereunder shall be the then-current form of Franchise Agreement being used for new Centers, generally, by Franchisor at the time each such Franchise Agreement is executed, except that Developer shall not be required to pay any initial franchise fee.

4.2 Site Approval. Prior to Developer’s acquisition by lease or purchase of any site for a Center to be developed hereunder, Developer shall submit to Franchisor, in the form specified by Franchisor and as further described in the Manuals, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor which confirms Developer’s favorable prospects for obtaining the proposed site. The requirements for obtaining Franchisor’s approval of a proposed site are more thoroughly described in Franchisor’s

Manuals, which Developer shall follow. Franchisor shall have thirty (30) days after receipt of such information and materials from Developer to approve or disapprove, in Franchisor's sole discretion, the site as a location for the Center. No proposed site shall be deemed approved unless (a) it has been expressly approved in writing by Franchisor and (b) Developer has first executed the Site Acknowledgment Form attached as Exhibit C hereto. Developer shall not make any commitment for a site until Franchisor has approved it in writing. Franchisor shall furnish to Developer such site selection guidelines and consultation as Franchisor deems advisable.

4.3 The Lease. If Developer will occupy the premises of the Center under a lease, Developer shall, prior to the execution thereof, (1) execute Franchisor's current form of Conditional Assignment of Lease and obtain the Lessor's execution of Franchisor's current form of Consent and Agreement of Lessor, and (2) upon Franchisor's request, submit the lease to Franchisor for its prior written approval. Developer shall furnish Franchisor with a copy of any executed lease within five (5) days after Franchisor's request. The lease for the premises of the Center shall include the following terms and conditions:

a. That the initial term of the lease, or the initial term together with renewal terms, shall be for ten (10) years, including options;

b. That the lessor consents to Developer's use of such Proprietary Marks and signage as Franchisor may prescribe for the Center;

c. That the use of the premises be restricted solely to the operation of the Center;

d. That Developer be prohibited from subleasing, assigning, pledging or hypothecating all or any part of its occupancy rights or extending the term of, or modifying or renewing the lease without Franchisor's prior written consent, which may be withheld in Franchisor's sole discretion;

e. That the lessor concurrently provide Franchisor with a copy of any written notice of default under the lease and granting Franchisor the right (but without any obligation) to cure any default under the lease and providing that if Developer fails to effect such cure during the time period permitted under the lease, then within thirty (30) days after the expiration of the period in which Developer can cure the default, Franchisor may (at Franchisor's option) receive an assignment of Developer's leasehold interest but without any liability for past defaults or other obligations other than those solely related to Franchisor's period of occupancy;

f. That Franchisor have the right to enter the premises to make modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Franchise Agreement or under the lease; and

g. That Franchisor (or Franchisor's designee) have the option, without however any obligation, upon default, expiration or termination of the Franchise Agreement, and upon notice to the lessor, to assume all of Developer's rights under the lease terms, including the right to assign or sublease.

4.4 Adherence to Development Schedule. Recognizing that time is of the essence, Developer agrees to develop, open and operate in the Development Area the number of Centers designated herein by the dates described in the Development Schedule and Section 2.1 of this Development Agreement. Developer's failure to do so shall constitute a material default of this Development Agreement for which Franchisor shall have the right to all remedies described in Section 7.2 hereof.

5. **TERM**

Unless sooner terminated in accordance with the terms of this Development Agreement, the term of this Development Agreement and all rights granted hereunder shall expire on the earlier of: (1) the last date specified in the Development Schedule; or (2) the date when Developer has open and in operation all of the Centers required by the Development Schedule.

6. **DUTIES OF THE PARTIES**

6.1 Franchisor's Obligations. Subject to Section 9.2 and regardless of the number of Centers developed pursuant to this Development Agreement, Franchisor shall loan to Developer one set of Franchisor's site selection guidelines and provide consultation as Franchisor deems advisable.

6.2 Developer's Obligations.

6.2.1 Initial Training Program. Developer agrees to complete, and to ensure that its employees have successfully completed, all initial training programs then required by Franchisor before the Franchisor will authorize the Center to open for business. For all training programs required by Franchisor, Developer shall be responsible for any and all other expenses incurred by Developer or its employees in connection with any such programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

6.2.2 Annual or Regional Meetings. If an annual or regional franchisee meeting is held during the term of this Development Agreement, Developer (or a principal of Developer who owns at least fifty percent (50%) of Developer and is approved by Franchisor) shall attend to discuss and review new programming ideas and concepts. Franchisor shall designate the times and places for such meetings. Developer agrees to pay to Franchisor, at such time as Franchisor designates prior to the meeting, a fee equal to the then-current per-attendee fee for Franchisor's annual or regional meeting multiplied by the number of Developer's attendees.

6.2.3 Developer Corporation. If Developer is a corporation, it shall comply with the following requirements:

6.2.3.1 Developer shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to developing and operating the Centers;

6.2.3.2 Copies of Developer's filed, stamped Articles of Incorporation, Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Development Agreement, shall be promptly furnished to Franchisor upon Franchisor's request (which can be at any time during the term of this Development Agreement);

6.2.3.3 Developer shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Developer shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Development Agreement; and

6.2.3.4 Developer shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Developer and shall furnish the list to Franchisor upon request.

6.2.4 Developer Partnership. If Developer or any successor or assignee of Developer is a partnership, it shall comply with the following requirements:

6.2.4.1 Developer shall furnish Franchisor with a copy of its fully executed partnership agreement as well as such other documents as Franchisor may reasonably request at any time in Franchisor's sole discretion, and any amendments thereto;

6.2.4.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Development Agreement; and

6.2.4.3 Developer shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Developer and their home addresses.

6.2.5 Developer Limited Liability Company. If Developer or any successor to or assignee of Developer is a limited liability company, it shall comply with the following requirements:

6.2.5.1 Developer shall furnish Franchisor with a copy of its filed, stamped articles of organization and operating agreement as well as such other governing documents as Franchisor may reasonably request at any time in Franchisor's sole discretion, and any amendments thereto;

6.2.5.2 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Development Agreement; and

6.2.5.3 Developer shall prepare and furnish to Franchisor, upon request, a list of all members in Developer and their home addresses.

6.2.6 Limitation on Owners. If Developer is a corporation, partnership, limited liability company, or other form of entity, there shall never be more than four owners with ownership, partnership or membership interests in Developer (married couples and family trusts to be considered together as one for these purposes).

6.2.7 Personal Guarantee. If Developer is a corporation, partnership, limited liability corporation, or other form of entity, or if any successor to or assignee of Developer is a corporation, partnership, limited liability corporation, or other form of entity, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit B.

6.2.8 Compliance With Laws. Developer shall comply with all requirements of federal, state, and local laws, rules, and regulations.

6.2.9 Compliance With Terms. Developer shall comply with all of the other terms, conditions and obligations of Developer under this Development Agreement.

7. DEFAULT AND TERMINATION

7.1 Automatic Termination. Developer shall be deemed in default under this Development Agreement, and all rights granted herein shall automatically terminate, without notice to Developer, if Developer becomes insolvent or makes a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Developer or such a petition is filed against and consented to by Developer; if Developer is adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Developer or other custodian for Developer's business or assets is filed and consented to by Developer; if a receiver or other custodian (permanent or temporary) of Developer's business or assets or any part thereof is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Developer; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if execution is levied against Developer's business or assets; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against Developer and not dismissed within thirty (30) days; or if the real or personal property of any of Developer's Centers shall be sold after levy thereupon by any sheriff, marshal or constable.

7.2 Franchisor's Rights Upon Developer's Default. If Developer fails to comply with or to perform any of the terms, conditions or obligations of this Development Agreement, including the development obligations described in Sections 2.1 and 4.4 hereof or any of the Manuals, or makes or attempts to make a transfer or assignment in violation of Section 8.2 hereof, such failure or action shall constitute a default under this Development Agreement. Upon such default, Franchisor shall have the right, in its sole discretion:

7.2.1 To terminate this Development Agreement and all rights granted hereunder without affording Developer any opportunity to cure the default, effective immediately upon receipt by Developer of written notice;

7.2.2 To terminate the territorial protection granted under Section 2.3 hereof, and Franchisor shall have the right, among other things, to establish and operate, and license others to establish and operate, one or more Centers within the Development Area;

7.2.3 To terminate the credit for any or all Centers granted in Section 3.2 hereof;

7.2.4 To reduce the number of either or both types of Centers that Developer has the right to develop pursuant to Section 2.1 hereof;

7.2.5 To reduce the size of the Development Area for which Developer is granted territorial protection under Section 2.3 hereof;

7.2.6 To withhold evaluation or approval of site proposal packages and refuse to approve the opening of any Center developed hereunder; and/or

7.2.7 To accelerate the Development Schedule.

7.3 Obligations Upon Termination or Expiration. Upon termination or expiration of this Development Agreement, Developer shall have no right to establish or operate any Centers for which a Franchise Agreement has not been executed by Franchisor at the time of termination. Franchisor shall have the right to establish and operate, and to license others to establish and operate, one or more Centers in the Development Area, except as may be otherwise provided under any Franchise Agreement which has been executed between Franchisor and Developer.

7.4 Cross Default. Any material default by Developer or any of its Affiliates under any other agreement between Franchisor or any of its Affiliates as one party and Developer or any of its Affiliates as the other party (including, but not limited to, a franchise agreement, development agreement, lease, sublease, or loan agreement) (“Other Agreement”) shall be deemed to be a material default of this Development Agreement, and Franchisor shall have the right, at its option, to terminate this Development Agreement, effective immediately upon notice to Developer. A material default shall include, but is not limited to: (a) the failure to make payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement when due; (b) a default of any Other Agreement for health or safety reasons; or (c) a failure to maintain the insurance required by any Other Agreement.

7.5 No Exclusive Right or Remedy. No right or remedy herein conferred upon or reserved to Franchisor is exclusive of any other right or remedy provided or permitted by law or equity.

7.6 Force Majeure. Neither Franchisor, Franchisor’s Affiliates, nor Developer shall be responsible or liable for any delays in the performance of any duties under this Development Agreement to the extent such are not the fault or within the reasonable control of that party including, but not limited to, the inability of Franchisor or its Affiliates to manufacture or distribute equipment or products, fire, flood, natural disasters, acts of God, delays in deliveries, governmental acts or orders, late deliveries of products or furnishing of

services by third party vendors, civil disorders, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay or impossibility. Provided, however, this clause shall not apply to and not result in an extension of: (1) the time for payments to be made hereunder; or (2) the term of this Development Agreement.

8. TRANSEERS

8.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Development Agreement, and assign or delegate all or any part of its rights or obligations under this Development Agreement, to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Development Agreement from the date of the assignment. Developer shall execute such documents of attornment or other documents as Franchisor may request.

8.2 Developer's Conditional Right to Transfer. Developer understands and acknowledges that the rights and duties set forth in this Development Agreement are personal to Developer, and that Franchisor has granted this franchise in reliance on Developer's (or, if Developer is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Developer nor any immediate or remote successor to any part of Developer's interest in this Development Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Developer or in the Centers developed hereunder, shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") this Development Agreement, any direct or indirect interest in Developer, or all or substantially all of the assets of the Centers developed hereunder without the prior written consent of Franchisor. Any purported assignment or transfer not having the written consent of Franchisor required by this Section 8.2 shall be null and void and shall constitute a material breach of this Development Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 7.2 of this Development Agreement.

8.3 Conditions of Transfer. Developer shall notify Franchisor in writing of any proposed transfer of this Development Agreement, any direct or indirect interest in Developer, or in all or substantially all of the assets of the Centers developed hereunder, at least forty-five (45) days before such transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its sole discretion, require any or all of the following as conditions of its approval:

8.3.1 That Developer or its Affiliates must be in full compliance with (a) all of the provisions of this Development Agreement and any amendment or successor hereto, (b) Developer's or its Affiliates' obligations to make timely payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement; (c) the health or safety requirements under any Other Agreement; and (d) the insurance requirements of any Other Agreement; and (e) all leases/subleases with any third parties and, at the time of transfer, shall not be in default thereof;

8.3.2 That the transferee (and, if the transferee is other than an individual, all owners of the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to develop Centers (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to develop Centers;

8.3.3 That all of Developer's accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates have been satisfied;

8.3.4 That Developer remain liable for all of the obligations to Franchisor in connection with this Development Agreement which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

8.3.5 That, at Franchisor's sole discretion, (1) (a) the transferee (and, if the transferee is other than an individual, all principals of the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Developer's obligations under this Development Agreement, or (b) the transferee execute, for a term ending on the expiration date of this Development Agreement, the Franchisor's then-current form of development agreement and other ancillary agreements as Franchisor may require, which agreements shall supersede this Development Agreement in all respects, and which may have a different or smaller Development Area, except that the Development Schedule thereunder shall remain the same as in this Development Agreement; and (2) such principals of the transferee as Franchisor requires shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

8.3.6 That the transferor and its principals shall have executed a general release, in a form required by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, shareholders, and employees;

8.3.7 That Developer shall pay to Franchisor a transfer fee equal to forty percent (40%) of the Development Fee then in effect, or such greater amount as is required to reimburse Franchisor for its reasonable costs and expenses, including attorneys' fees, associated with its review and approval of the proposed transfer; provided, however, the transfer fee shall be waived if the transfer is for Developer's convenience of ownership and the transferee is an entity controlled by Developer; and

8.3.8 That the transferor shall have first offered to sell such interest to Franchisor pursuant to Section 8.5 hereof.

8.4 No Security Interest. Developer shall not grant a security interest in this Development Agreement or in any of the assets of any Center developed hereunder unless the secured party agrees that in the event of any default by Developer under any documents related to the security interest, Franchisor shall have the right and option (but not the

obligation) to be substituted as obligor to the secured party and to cure any default of Developer, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Developer's default shall be void.

8.5 Franchisor's Right of First Refusal. If any party holding any direct or indirect interest in this Development Agreement, in Developer, or in all or substantially all of the assets of any Center developed hereunder desires to accept any bona fide offer from a third party to purchase such interest, Developer shall notify Franchisor and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within ninety (90) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor as in the case of the third party's initial offer. Failure of Franchisor to exercise the option afforded by this Section 8.5 shall not constitute a waiver of any other provision of this Development Agreement, including all of the requirements of this Section 8, with respect to a proposed transfer. In the event the consideration, terms and/or conditions offered by a third party are not for a cash sum, and are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

8.6 Death or Disability. On Developer's death or permanent disability or, if the Developer is a corporation or partnership, on the death or permanent disability of the owner of a controlling interest in the Developer, the executor, administrator, conservator, guardian or other personal representative of such person will transfer his or her interest in this Development Agreement, or such interest in Developer, to a third party subject to Franchisor's consent and all of the provisions of this Development Agreement with respect to a transfer and possible exercise of Franchisor's right-of-first-refusal. Such disposition of this Development Agreement, or such interest in Developer (including, without limitation, transfer by bequest or inheritance), will be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability and will be subject to all the terms and conditions applicable to inter vivos transfers contained in this Development Agreement. Failure to so transfer the interest in this Development Agreement, or such interest in Developer, within said period of time will constitute a breach of this Development Agreement. Developer shall be deemed to have a "permanent disability" if Developer's personal, active participation in fulfilling Developer's obligations under this Development Agreement is for any reason curtailed for a continuous period of six (6) months.

8.7 Non-waiver. Franchisor's consent to a transfer of any interest in this Development Agreement, in Developer, or in all or substantially all of the assets of the Centers developed hereunder shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Development Agreement by the transferor or transferee.

9. COVENANTS

9.1 Best Efforts. Developer covenants that during the term of this Development Agreement, except as otherwise approved in writing by Franchisor, Developer (or, if Developer is a corporation, partnership, or limited liability company, a principal of Developer approved by Franchisor) shall devote full time, energy, and best efforts to fulfilling Developer's obligations under this Development Agreement, including the development of the Centers pursuant to the Development Schedule.

9.2 Manuals. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, all Centers shall be operated in accordance with the specifications, standards, methods, policies, and operating procedures specified in the Manuals. If Developer has not previously received a copy of the Manuals pursuant to a Franchise Agreement, Franchisor, in its sole discretion, may lend Developer a copy of the Manuals prior to Developer's execution of a Franchise Agreement, pursuant to the following terms and conditions:

9.2.1 Developer shall treat the Manuals and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential pursuant to Section 9.3 below;

9.2.2 Developer shall not copy, duplicate, record or otherwise reproduce the Manuals, in whole or in part, or otherwise make the same available to any person not authorized in writing by Franchisor;

9.2.3 The Manuals contain confidential business information and trade secrets that belong to Franchisor. Franchisor owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of Franchisor;

9.2.4 Developer shall ensure that the Manuals are kept current at all times;
and

9.2.5 Upon executing its first Franchise Agreement, Developer shall retain the Manuals pursuant to the terms and conditions of such Franchise Agreement.

9.3 Confidential Information. Developer shall not, during the term of this Development Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company, corporation or other entity any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, the methods of

implementing the System; contents of video training tapes, trainings, lesson plans, seminars and workshops conducted by Franchisor; methods, techniques, specifications, procedures, information, lesson plans, systems and knowledge of and experience in the development, operation, and franchising of Centers; marketing programs and promotional aids; knowledge of test, research and development programs for the development and introduction of products and services to be sold at Centers; business forms; accounting procedures; information bulletins; proprietary software; and customer lists and information, which may be communicated to Developer or of which Developer may be apprised or develop by virtue of Developer's operation under the terms of this Development Agreement. Developer shall divulge such confidential information only to such of its employees as must have access to it in order to comply with its obligations under this Development Agreement. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Development Agreement. Developer acknowledges and agrees that all such confidential information is a valuable asset of Franchisor, and that Developer shall not acquire any ownership interest therein.

9.4 In-Term Covenant. Developer specifically acknowledges that, pursuant to this Development Agreement, Developer will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Developer covenants that during the term of this Development Agreement, except as otherwise approved in writing by Franchisor, Developer shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity:

9.4.1 Divert or attempt to divert any present or prospective business or customer of Developer's Centers or any other Center to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with Franchisor's Proprietary Marks and the System; or

9.4.2 Own, maintain, operate, engage in, be employed by, provide any services or assistance to, finance, or have any interest in (as owner or otherwise) any Similar Business located anywhere.

9.5 Post-Term Covenants. Developer covenants that, except as otherwise approved in writing by Franchisor, Developer shall not, for a continuous uninterrupted period of five (5) years commencing upon the later of (a) a transfer permitted under Section 8 of this Development Agreement, (b) expiration of this Development Agreement, (c) termination of this Development Agreement (regardless of the cause for termination), or (d) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 9.5, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in (as owner or otherwise) any Similar Business which is, or is intended to be, located within:

- 9.5.1 The Development Area;
- 9.5.2 Forty (40) miles of the Development Area;
- 9.5.3 The state(s) in which the Development Area is located; or
- 9.5.4 Forty (40) miles of any business operating under the Proprietary

Marks.

The prohibitions of Sections 9.4.3 and 9.5 shall not apply to Developer's interests in or operation of a Center under an effective Franchise Agreement.

9.6 No Application to Equity Securities. Sections 9.4.2 and 9.5 shall not apply to ownership by Developer of less than a three percent (3%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities and Exchange Act of 1934.

9.7 Reduction of Scope of Covenants. Developer understands and acknowledges that Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in Sections 9.4 and 9.5 of this Development Agreement or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof; and Developer agrees to comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 14 hereof.

9.8 No Defense. Developer expressly acknowledges that the existence of any claims which Developer may have against Franchisor, whether or not arising from this Development Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 9.

9.9 Independent Covenants. The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Development Agreement. Developer acknowledges and agrees that California Business and Professions Code Section 16600 (and any related California law) shall not apply to the foregoing covenants for any principal place of business located outside of California. If all or any portion of a covenant in this Section 9 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Developer expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 9.

9.10 Irreparable Injury. Developer acknowledges that Developer's violation of the terms of this Section 9 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available; and Developer accordingly consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by Franchisor in obtaining, an injunction prohibiting any conduct by Developer in violation of the terms of this Section 9.

9.11 Confidentiality Agreements. Developer shall require Developer's manager and other such personnel having access to any of Franchisor's confidential information to execute covenants to maintain the confidentiality of information they receive in connection with their employment by Developer; where permitted by law, Franchisor may also require such employees to sign non-competition covenants. Such covenants shall be in a form acceptable to Franchisor, which may include the form attached hereto as Exhibit D. An original of each executed agreement shall be available for Franchisor's inspection during business hours, and, on Franchisor's request, Developer shall deliver to Franchisor copies of such executed agreements. On occasion, Franchisor may request Developer to require Developer's manager or other such personnel having access to any of Franchisor's confidential information to execute additional covenants.

10. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Development Agreement or of the Manuals will be deemed so delivered at the time delivered by hand, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to Franchisor at 8 The Green Suite A, Dover, DE 19901 (or Franchisor's then- current headquarters), to the attention of the President, with a copy to the Legal Department at the same address, and to Developer at any of the Approved Locations of any of its Centers and/or any address appearing in Developer's application for a development agreement or in Franchisor's records. Notice to Developer, or to any owner of Developer, shall be deemed effective as to all Developers and owners of Developer.

11. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

11.1 Independent Contractor. Franchisor and Developer agree that this Development Agreement does not create a fiduciary relationship between them, that Developer shall be an independent contractor, and that nothing in this Development Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint ventures, partner, employee, or servant of the other for any purpose whatsoever. Developer acknowledges and agrees that Franchisor's usual business is the offering and selling rights to operate Centers using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to Creative Gardens franchisees and developers, and, accordingly, Franchisor's usual business is different from Developer's usual business of developing and operating retail Centers. During the term of this Development Agreement, Developer shall hold itself out to the public to be an independent contractor operating pursuant to this Development Agreement.

11.2 No Authority to Contract. Nothing in this Development Agreement authorizes Developer to make any contract, agreement, warranty, or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action;

nor shall Franchisor be liable by reason of any act or omission of Developer in Developer's operations hereunder or for any claim or judgment arising therefrom against Franchisor or Developer.

11.3 Indemnification. Developer shall indemnify, defend, and hold harmless Franchisor and its Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees harmless, against any and all claims, losses, lawsuits, liens, demands, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Developer's operations hereunder. Developer shall reimburse Franchisor and its Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees for any expenses or costs any such party incurs as the result of a claim covered by the Developer's indemnification obligation.

12. APPROVALS AND WAIVERS

12.1 Approval and Consent. Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make timely written request to Franchisor therefor, and such approval or consent must be obtained in writing. In no event shall Developer make any claim, whether directly, by way of set-off, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Franchisor. Unless otherwise expressly provided in this Development Agreement, approvals and consents may be withheld by Franchisor in Franchisor's sole and absolute discretion.

12.2 No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, advice, consent, or suggestion to Developer in connection with this Development Agreement, or by reason of any neglect, delay, or denial of any request therefor.

12.3 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Development Agreement, or to insist upon strict compliance by Developer with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms herein. Waiver by Franchisor of any particular default by Developer shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar or different nature, nor shall any delay, forbearance or omission of Franchisor to exercise any power or right arising out of any breach or default by Developer of any of the terms, provisions or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Development Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Development Agreement.

13. SEVERABILITY AND CONSTRUCTION

13.1 Severability. Except as otherwise stated in this Development Agreement, each provision of this Development Agreement, and any portion of any provision, is severable (including, but not limited to, any provision relating to dispute resolution), and the remainder of this Development Agreement will continue in full force and effect. To the extent that any provision is deemed unenforceable, Developer and Franchisor agree that such provisions will be enforced to the fullest extent permissible under governing law. Franchisor may modify any invalid or unenforceable provision to the extent required to be valid and enforceable and Developer will be bound by the modified provisions.

13.2 Survival. Any provision or covenant in this Development Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Development Agreement (regardless of the cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 9, 11.3, and 15.

13.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Developer, Franchisor, Franchisor's officers, directors, shareholders, agents and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 8 hereof, any rights or remedies under or by reason of this Development Agreement.

13.4 Promises and Covenants. Developer expressly agrees to be bound by any promise or covenants imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Development Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

13.5 Captions and Headings. All captions and headings in this Development Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

14. ENTIRE AGREEMENT

This Development Agreement, the documents referred to herein, and the exhibits hereto, if any, constitute the entire, full, and complete agreement between Franchisor and Developer concerning the subject matter hereof and supersede any and all prior agreements. Except as set forth in Section 9 hereof, no amendment, change, or variance from this Development Agreement shall be binding on either party unless executed in writing. Nothing in this Development Agreement or in any related agreement between Franchisor and Developer is intended to disclaim the representations made in Franchisor's Franchise Disclosure Document.

15. APPLICABLE LAW AND DISPUTE RESOLUTION

15.1 Applicable Law. This Development Agreement shall be interpreted, construed and governed exclusively under the laws of the state in which the Developer's principal place of business is located, without regard to the application of such state's conflict-of-law rules; provided, however, that no state's franchise registration, disclosure, or relationship law shall be applicable unless the jurisdictional requirements of that law are met.

15.2 Mediation. Except as otherwise provided herein, if a dispute arises out of or relates to this Development Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Development Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by JAMS (or any successor organization) in accordance with its franchise mediation rules before resorting to litigation or some other dispute resolution procedure. Such mediation shall take place before a sole mediator where Franchisor has its principal place of business at such time. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisor and Developer. Mediation shall not be required with respect to: (a) any claim or dispute involving less than Fifty Thousand Dollars (\$50,000); (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's confidential information; (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks; (d) any claim or dispute involving the indemnification provisions of this Development Agreement; or (e) any action by Franchisor to enforce the covenants set forth in Section 9 of this Development Agreement.

15.3 Jurisdiction and Venue. Except as described in Sections 15.2 and 15.6 hereof, any action, whether or not arising out of, or relating to, this Development Agreement shall be brought exclusively in the judicial district in which Franchisor has, at the time of commencement of such action, its principal place of business. Developer hereby waives all objections to personal jurisdiction or venue for purposes of this Section 15.3 and agrees that nothing in this Section 15.3 shall be deemed to prevent Franchisor from removing an action from state court to federal court.

15.4 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Developer by this Development Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

15.5 Waiver of Punitive Damages. Franchisor and Developer hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them each shall be limited to the recovery of any actual damages sustained by it.

15.6 Injunctive Relief. Nothing contained herein, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions, shall bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction with respect to claims relating to (a) any disclosure or threatened disclosure of Franchisor's

confidential information, (b) any violation or threatened violation of Franchisor's rights in and to Franchisor's intellectual and/or proprietary property, including, but not limited to, the Manuals and Proprietary Marks, or (c) any violation or threatened violation of Sections 9.4 or 9.5 of this Development Agreement.

15.7 Attorneys' Fees and Costs. In any action relating to this Development Agreement, the substantially prevailing party shall be entitled to recover its attorneys' fees and costs.

16. ACKNOWLEDGMENTS, REPRESENTATIONS AND WARRANTIES

16.1 Independent Investigation. Developer acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Development Agreement involves business risks and that its success will be largely dependent upon the ability of Developer (or, if Developer is a corporation, partnership or limited liability company, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Development Agreement.

16.2 Acknowledgment of Receipt. Developer acknowledges that it received a complete copy of this Development Agreement, the attachments hereto, and agreements relating thereto, if any, at least fourteen (14) days prior to the date on which this Development Agreement was executed.

16.3 Acknowledgment of Understanding; Opportunity to Consult. Developer acknowledges that it has read and understood this Development Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Developer ample time and opportunity to consult with an attorney or other advisor of Developer's own choosing about the potential benefits and risks of entering into this Development Agreement.

16.4 No Warranty. Developer acknowledges that with respect to anything (products, services or otherwise) provided, approved or otherwise by Franchisor and/or any of Franchisor's Affiliates in any way with and/or referred or "approved" by Franchisor or them, other than specific written warranties expressly provided by Franchisor in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and fitness for a particular purpose being expressly disclaimed, nor do there exist any express or implied warranties on the part of Franchisor or any Affiliate as to the design, condition, capacity, performance or any other aspect of such (or other) items or their material or workmanship. There is no specific date in this Development Agreement by which Franchisor must deliver any products, equipment or supplies purchased from Franchisor or any operational guidelines. Franchisor shall assign to Developer any warranty or guarantee Franchisor obtains from the manufacturer or supplier of such products, equipment or supplies. Developer acknowledges that Franchisor is not in the business of manufacturing such items and must rely on the professional ability and workmanship supplied by third parties.

16.5 Dealings With Franchisor. Developer acknowledges and agrees that in all of Developer's dealings with Franchisor, the officers, directors, employees, and agents of Franchisor act only in a representative capacity and not in an individual capacity. Developer further acknowledges that this Development Agreement, and all business dealings between Developer and such individuals as a result of this Development Agreement, are solely between Developer and Franchisor and that no other persons and/or entities, including Franchisor's Affiliates, and Franchisor's and its Affiliates' respective partners, shareholders, officers, directors, agents, attorneys, accountants, or employees, have or will have any duties or obligations to Developer. Developer further represents to Franchisor, as an inducement to Franchisor's entry into this Development Agreement, that Developer has made no misrepresentations in obtaining the Franchised Business.

16.6 Developer's Information. Developer hereby consents to Franchisor's disclosure in its franchise offering circulars or otherwise of information relating to Developer's ownership and operation of the Center, either as required by law or which Franchisor may choose to disclose in its sole discretion, including, but not limited to, Developer's name, business address and telephone number, home address and telephone number, revenues, expenses, profits and/or any other financial information relating to the Center and other related information.

16.7 Compliance With Anti-Terrorism Laws. Developer acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the Internet website address, www.ustreas.gov/offices/enforcement/ofac. Accordingly, Developer represents and warrants to Franchisor that as of the date of this Development Agreement, neither Developer nor any person holding any ownership interest in Developer, controlled by Developer, or under common control with Developer is a Specially Designated National or Blocked Person, and that Developer (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Development Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Developer agrees that Developer shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this Section 16.7 incorrect.

16.8 Site Approval. Developer hereby acknowledges and agrees that Franchisor's approval of a site for a Center does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Center or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Developer and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of an approved site to meet Developer's expectations as to revenue or operational criteria. Developer further acknowledges and agrees that its acceptance of a franchise for the operation of a Center at an approved site is based on its own independent investigation of the suitability of the site, and that Franchisor strongly recommends that all matters related to Developer's site selection and securing be reviewed by Developer's independent attorney, real estate broker, architect and other professionals.

16.9 Site Selection. Developer understands and agrees that the selection and securing of a site hereunder, the negotiation of a lease or purchase, the selection of developers, real estate agents, site selection specialists, contractors, etc., financing and all other matters related in any way to Developer's site are exclusively and entirely Developer's sole and ultimate responsibility and that neither Franchisor, any Affiliate of Franchisor, nor any of their respective partners, shareholders, officers, directors, agents, attorneys, accountants or employees, in any way will have any liability or responsibility with respect to any matters related in any way to the site for any of Developer's Centers, including (but not limited to) site location, identification, evaluation, selection, lease/purchase negotiation, financing, review of documents, construction, build out, compliance with local requirements, suitability for any use or purpose and/or any other aspect of the development process (and any related steps) or otherwise, all such responsibilities being solely Developer's.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have fully executed, sealed, and delivered this Development Agreement on the day and year first above written.

CREATIVE GARDENS DE LLC

DEVELOPER

By:_____

By:_____

Name:_____

Name: Xinkai Chen

Title:_____

Title: President

Date:_____

Date:_____

**EXHIBIT A TO
CREATIVE GARDENS
DEVELOPMENT AGREEMENT**

DEVELOPMENT AREA AND DEVELOPMENT SCHEDULE

1. Each Center developed under this Development Agreement shall be located in the following area (the "Development Area"):

2. Recognizing that time is of the essence, Developer agrees to satisfy the development schedule set forth below (the "Development Schedule"):

By (Date)	Cumulative Total Number of <u>Centers</u> Which Developer Shall Have Open and in Operation
_____, 202____	
_____, 202____	
_____, 202____	

IN WITNESS WHEREOF, the parties hereto have duly executed this Exhibit A in duplicate on the same date as the Development Agreement to which this is an exhibit.

DEVELOPER

By:_____

Name:_____

Title:_____

CREATIVE GARDENS DE LLC

By:_____

Name: Xinkai Chen

Title: President

**EXHIBIT B TO
CREATIVE GARDENS
DEVELOPMENT AGREEMENT**

GUARANTEE, INDEMNIFICATION AND ACKNOWLEDGMENT

As an inducement to CREATIVE GARDENS DE LLC ("Franchisor") to execute the Development Agreement between Franchisor and _____ ("Developer") dated _____, 20____ (the "Agreement"), the undersigned (the "Guarantors"), jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Developer's obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the Guarantors will immediately make each payment and perform each obligation required of Developer under the Agreement. The Guarantors hereby waive any right to require Franchisor to: (a) proceed against Developer for any payment required under the Agreement; (b) proceed against or exhaust any security from Developer; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Developer. Without affecting the obligations of the Guarantors under this Guarantee, Franchisor may, without notice to the Guarantors, extend, modify, or release any indebtedness or obligation of Developer, or settle, adjust, or compromise any claims against Developer. The Guarantors waive notice of amendment of the Agreement and notice of demand for payment by Developer and agree to be bound by any and all such amendments and changes to the Agreement.

The Guarantors hereby agree to defend, indemnify, and hold Franchisor and its affiliates harmless against any and all losses, claims, damages, demands, lawsuits, liens, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys' fees, reasonable costs of investigation, and court costs) resulting from, consisting of, or arising out of or in connection with any failure by Developer to perform any obligation of Developer under the Agreement, any amendment thereto, or any other agreement executed by Developer referred to therein.

This Guarantee shall terminate upon the termination or expiration of the Agreement or upon the transfer or assignment of the Agreement by Developer, except that all obligations and liabilities of the Guarantors which arose from events which occurred on or before the effective date of such termination, expiration, transfer, or assignment of the Agreement shall remain in full force and effect until satisfied or discharged by the Guarantors, and all covenants which by their terms continue in force after the termination, expiration, transfer, or assignment of the Agreement shall remain in force according to their terms. This Guarantee shall not terminate upon the transfer or assignment of the Agreement or this Guarantee by Franchisor. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement and shall be interpreted and construed in accordance with Section 15 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the state in

which the Developer's principal place of business is located, without regard to, and without giving effect to, the application of such state's conflict of law rules.

The Guarantors hereby acknowledge and agree to be individually bound by all of the Developer's promises and covenants in the Agreement, including but not limited to the confidentiality provisions and non-competition covenants, as if the Guarantors executed the Development Agreement in their individual capacity.

The Guarantors agree that the dispute resolution and attorney fee provisions in Sections 9.10 and 15 of the Agreement are hereby incorporated into this Guarantee by reference, and references to "Developer" and the "Development Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

All written notices and reports permitted or required to be delivered by the provisions of this Guarantee will be deemed so delivered at the time delivered by hand, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to Franchisor at 8 The Green, Suite A, Dover, DE 19901 (or Franchisor's then-current headquarters), to the attention of the Vice President, with a copy to the Legal Department at the same address, and to the Guarantors at the Approved Location of any of Developer's Centers and/or any address appearing in Developer's application for a development agreement or in Franchisor's records. Notice to any one Guarantor shall be deemed effective as to all Guarantors.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTORS

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

By: _____
Name: _____

STATE OF _____)

)

COUNTY OF _____)

Personally appeared before me this _____ day of _____, 202____, _____ and _____, to me known to be the persons who executed the foregoing Guarantee.

Notary Public: _____

(NOTARY SEAL)

My Commission Expires: _____

**EXHIBIT C TO
CREATIVE GARDENS
DEVELOPMENT AGREEMENT**

SITE SELECTION ACKNOWLEDGMENT

This Site Selection Acknowledgment is signed and submitted by _____ (“Franchisee”, “I”, “me” or “mine”).

CREATIVE GARDENS DE LLC (referred to as “Franchisor,” “you” or “your”) and Franchisee entered into a Development Agreement dated _____ and/or a Franchise Agreement dated _____ (collectively, “Franchise Agreement”). Unless otherwise defined, terms used in herein have the same meaning as set forth in the Franchise Agreement.

This Site Selection Acknowledgment refers to the following proposed location: _____ (the “Site”).

I agree that Franchisor’s acceptance of the Site is subject to the terms and conditions set forth in the Franchise Agreement regarding the site selection process, including, but not limited to, the Site Selection process section of Franchisor’s Operations Manual.

I hereby represent that the Site is within the Territory described in the Franchise Agreement.

I hereby reaffirm all of the representations and covenants that I made in the Franchise Agreement regarding the site selection process so that they are made specifically with respect to the Site. Without limiting the generality of the foregoing, I hereby acknowledge and agree that:

1. Although Franchisor, and/or Franchisor’s Affiliates, may have assisted me, or may in the future assist me, with respect to the “site-related matters” described below, and while the identification and selection of the Site by me is subject to Franchisor’s prior written approval, neither Franchisor, nor any of Franchisor’s Affiliates has, or will have in the future, any liability with respect to the Site, Franchisor’s approval of the Site, or any other site-related matters pertaining to the Site. I irrevocably waive any claims that I now or in the future may have, whether known or unknown, against Franchisor and against all current and/or future Franchisor Affiliates and their respective principals and representatives with respect to the Site, or Franchisor’s approval of the Site, or any other site-related matters pertaining to the Site.
2. For purposes of this Site Selection Acknowledgment, “site-related matters” includes, but is not limited to the following: the identification, securing, financing and/or developing the Site; consultation, evaluation and/or other assistance, including providing references to potential locations, contractors, real estate agents, site selection specialists and other professionals; and all other matters related in any way to the Site, whether discussed in this Site Selection Acknowledgment or not.

3. I have selected the Site. I acknowledge and agree that location is a significant factor in the possible success of my Center, as applicable. Franchisor's approval of the Site is in no way a recommendation or endorsement of the Site, nor a representation, warranty or guarantee of the Site's potential for success.
4. Notwithstanding the foregoing, the selection, securing and/or construction of any site is exclusively and entirely your responsibility. Although Franchisor may, but is not obligated to, assist you with site selection or construction matters, Franchisor in no way recommends, endorses or guarantees the success of any specific location or construction. Franchisor shall have absolutely no liability with respect to any site-related and/or construction-related matters whatsoever. You must ultimately select, obtain and develop the site, and you will be the only person and/or company with the responsibility for those decisions. Franchisor strongly recommends that you seek professional advice from an independent real estate broker, accountant, architect, engineer, attorney and/or other qualified personnel regarding site-related or construction-related matters.
5. Franchisor does not guarantee the success of the Site or any other location that I may propose.
6. I understand and agree that without Franchisor's ability to limit Franchisor's liability with respect to the Site and all site-related matters as set forth herein as well as in the Franchise Agreement, Franchisor would not grant a franchise to me or be involved in any way in assisting me in any site-related matters.
7. I understand and agree that Franchisor strongly recommends that I have all matters related to selecting a site, including this Site Selection Acknowledgment, reviewed by my own independent attorney, accountant, real estate broker, architect, or construction consultant retained by me.
8. Franchisor (having no obligation to do so) may have made, or may make, available to me standard and/or site-specific plans and specifications to be utilized by me in the construction of my Center, as applicable, at the Site. I will obtain, at my sole expense, all further qualified architectural and engineering services to prepare appropriate surveys, site and foundation plans and adapt any plans and specifications to the Site in compliance with all applicable laws, regulations and ordinances and the terms of the Franchise Agreement and related documents. Neither Franchisor, nor any person or company recommended by and/or affiliated in any way with Franchisor, will have any liability with respect to any plans, specifications and/or other items or services provided to me (or otherwise) and/or to be utilized in the construction, operation or otherwise of my Center, as applicable, at the Site.
9. I certify to Franchisor that the Site and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act and all local zoning regulations and building codes. I acknowledge that I am an independent contractor and the requirement of this certification by Franchisor does not constitute ownership, control or a lease of the Site. I acknowledge that Franchisor has relied on the information contained in this certification. Furthermore, I agree to indemnify Franchisor and its affiliates, in connection with any and

all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with my compliance (or failure to comply) with the Americans with Disabilities Act, all local zoning regulations and building codes and otherwise, as well as the costs, including attorneys' fees, related to the same.

10. I am signing this Site Selection Acknowledgment on my individual, joint and several behalf and on behalf of all other individuals and/or entities who have executed the Franchise Agreement as Franchisee, and I represent that the individuals listed below are the sole persons with any financial or other interest in the franchise that is the subject of the Franchise Agreement. Any personal guaranty that has been previously given by me, shall apply to my representations and covenants set forth in this Site Selection Acknowledgment.
11. This Site Selection Acknowledgment shall be governed by, and construed and enforced in accordance with the law of the state in which the Developer's principal place of business is located, without regard to such state's conflicts of laws or choice of laws provision. Any dispute between me and Franchisor regarding this Site Selection Acknowledgment and/or any matters related to it will be resolved in accordance with the dispute avoidance and resolution provisions of the Franchise Agreement.
12. The benefits and protections of this Development Agreement, which apply to Franchisor shall also apply to any and all current and/or future Franchisor Affiliates as if they were expressly named beneficiaries of such provisions.

CREATIVE GARDENS DE LLC

FRANCHISEE

By: _____

Its: _____

Date: _____

Printed Name:

Date:

Printed Name:

Date:

Individually and/or as an officer or
partner of
_____, a
()
corporation
()
partnership

**EXHIBIT D TO
CREATIVE GARDENS
DEVELOPMENT AGREEMENT**

NON-DISCLOSURE AGREEMENT

In consideration of my position as _____ of _____ (the “Developer”), I hereby acknowledge and agree that:

1. Creative Gardens DE LLC (the “Franchisor”), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Centers, which offer early childhood learning and child care services to children from six weeks to six years old as the Franchisor develops or designates from time to time, under the trade name “Creative Gardens” (collectively, the “System”).

2. As an employee of the Developer, I will receive valuable confidential information, the disclosure of which would be detrimental to the Franchisor and the Developer, such as information relating to the operations of the business developed by the Developer and methods of implementing the Creative Gardens System; contents of video training tapes, trainings, lesson plans, seminars and workshops conducted by the Franchisor; methods, techniques, specifications, procedures, information, lesson plans, systems and knowledge of and experience in the development, operation, and franchising of Centers; marketing programs and promotional aids; knowledge of test, research and development programs for the development and introduction of products and services to be sold at Centers; business forms; accounting procedures; information bulletins; proprietary software; customer lists; and information which may be communicated to me or of which I may be apprised or develop by virtue of my work with the Developer. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Developer.

3. I will hold in strict confidence all of the Franchisor’s and Developer’s confidential information. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of the Developer. My undertaking not to disclose confidential information is a condition of my position with the Developer, and continues even after I cease to be in that position.

4. While in my position with the Developer, I will not do anything which may injure the Developer or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Center to any competitor, by direct or indirect inducement or otherwise; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s marks and the System.

5. The Franchisor is a third-party beneficiary of this Development Agreement and may enforce it, solely and/or jointly with the Developer. I am aware that my violation of this Development Agreement will cause the Franchisor and the Developer irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Developer may apply for

the issuance of an injunction preventing me from violating this Development Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Developer all the costs it/they incur/s, including without limitation attorneys' fees, if this Development Agreement is enforced against me. Due to the importance of this Development Agreement to the Franchisor and the Developer, any claim I have against the Franchisor or the Developer is a separate matter and does not entitle me to violate, or justify any violation of, this Development Agreement. If any part of this Development Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Development Agreement will have the same meaning as used in the Development Agreement, and that such meaning has been explained to me.

6. The Franchisor may, in its sole discretion, reduce the scope of any covenant set forth in this Development Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

7. This Development Agreement shall be interpreted and construed under the laws of the state in which the Developer's principal place of business is located. The only way this Development Agreement can be changed is in a writing signed by both the Developer and me.

Signature:_____

Name:_____

Address:_____

Title:_____

Date:_____

ACKNOWLEDGED BY DEVELOPER:

By:_____

Name:_____

Title:_____

EXHIBIT D TO THE
CREATIVE GARDENS
DISCLOSURE DOCUMENT

CREATIVE GARDENS CENTER FRANCHISE AGREEMENT

CREATIVE GARDENS DE LLC

CREATIVE GARDENS CENTER

FRANCHISE AGREEMENT

Franchisee

Location

Effective Date of Agreement

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CREATIVE GARDENS FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is effective as of _____, 202____, by and between Creative Gardens DE LLC, a California limited liability company with its principal place of business at 8 The Green Suite A, Dover DE 19901 “**Franchisor**”), and _____, a [corporation/limited liability company/partnership], with its principal place of business at _____ (“**Franchisee**”).

INTRODUCTION

- A. Franchisor, as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, the Creative Gardens System (as defined below);
- B. The System is identified by means of the Proprietary Marks (as defined below);
- C. Franchisee desires to enter into the business of operating a Center (as defined below), and wishes to enter into an agreement with Franchisor for that purpose, and to receive the training and other assistance provided by Franchisor in connection therewith; and
- D. Franchisee understands and acknowledges the importance of Franchisor’s high standards of quality, appearances, and service and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

THEREFORE, in consideration of the mutual promises contained in this Agreement, the parties hereby agree as follows:

1. **DEFINITIONS**

For purposes of this Agreement, capitalized terms will have the meanings ascribed to them, below.

1.1 “**ADA**” means the Americans with Disabilities Act.

1.2 “**Affiliate**” means any person, company or other entity which controls, is controlled by, or is under common control with, another person, company or other entity.

1.3 “**Approved Location**” means the physical location(s) that Franchisor has approved, in writing, for the Franchisee to offer products and services under this Agreement. Each Center will have a single “brick and mortar” Approved Location that is owned or leased by the Franchisee for the duration of this Agreement. An Approved Location is one that is approved in writing by the Franchisor, in accordance with the Franchisor’s then-current approval standards and procedures.

1.4 **“Brand Fund”** means the System’s advertising, publicity and marketing fund, as further described in Section 13.3 below.

1.5 **“Center”** or **“Franchised Business”** means any Creative Gardens business operated under the Proprietary Marks, including the one operated by Franchisee pursuant to this Agreement.

1.6 **“Cooperative”** means a regional advertising and promotional cooperative, as further described in Section 13.5 below.

1.7 **“Development Agreement”** means the development agreement, if such agreement is entered into between Franchisor and Franchisee or an affiliate of Franchisee, that gives Franchisee the right to enter into this Agreement.

1.8 **“Development Area”** means the geographical area described in Exhibit A of the Development Agreement, if such agreement is entered into between Franchisor and Franchisee or an affiliate of Franchisee.

1.9 **“Expiration Date”** means the date on which the term of this Agreement ends.

1.10 **“Gross Receipts”** means all revenues which are received or earned by Franchisee (and/or any Affiliate and/or on/for Franchisee’s behalf or benefit) in connection with Franchisee’s operation of the Center (including, without limitation, programs as Franchisor designates from time to time, membership fees, and revenues from special events and parties), whether such revenues are in the form of cash, check, credit, charge, account, barter or exchange. Gross Receipts shall not include the sale of equipment or furnishings used in the operation of the Franchised Business, the sale of retail products purchased directly from Franchisor or its Affiliate, any sales taxes or other taxes collected from customers by Franchisee and paid directly to the appropriate taxing authority, or actual customer refunds, adjustments or credits. All sales and/or billings, whether collected or not, will be included in Gross Receipts, with no deduction for credit card or other charges.

1.11 **“Manuals”** means one or more confidential handbooks, manuals, bulletins and/or volumes, other written materials, and video, audio and/or software media (including materials distributed electronically or otherwise), regardless of title, containing (among other things) specifications, standards, policies and procedures prescribed from time to time by Franchisor and to be complied with by Franchisee in Franchisee’s operation of the Center and performance under this Agreement. The Manuals include all changes and supplements issued by Franchisor in the future, each of which Franchisee shall promptly comply with.

1.12 Deleted.

1.13 Deleted.

1.14 **“Operations Manager”** means the person (an owner or employee of Franchisee) in charge of the day-to-day operations of the Franchised Business or involved with hiring, training, supervising or dismissing instructors, or implementing or interpreting the Creative Gardens System in a supervisory fashion (i.e., other than solely as an instructor).

1.15 Deleted.

1.16 Deleted.

1.17 “**Proprietary Marks**” means certain trade names, service marks, trademarks, trade dress, logos, emblems, and indicia of origin, including, but not limited to, the mark “Creative Gardens,” as are now designated and may hereafter be designated by Franchisor in writing for use in connection with the System.

1.18 “**Renewal Notice Deadline**” means the date that is six (6) months prior to the Expiration Date.

1.19 “**Similar Business**” means any business that now and/or in the future offers, sells, distributes, provides or is otherwise involved or deals with, whether at wholesale, retail or otherwise (and any business similar to and/or competitive with such businesses) any products and/or services now or in the future required or permitted by Franchisor to be offered at or from a Center, or similar products and/or services. The term “Similar Business” includes a business that licenses or franchises a Similar Business to or from another person.

1.20 “**System**” or “**Creative Gardens System**” means Franchisor’s distinctive system for the establishment and operation of Centers, which offer early childhood learning and childcare services to children from six weeks to six years old as Franchisor develops or designates from time to time, under the trade name “Creative Gardens”. The System includes, without limitation, the distinctive image, design, appearance, layout and color scheme of a Center; design, style, color and other distinguishing characteristics of fixtures, showcases, signs and furnishings; layout, design and selection of equipment; specifications used in preparing products for sale; methods used for selecting, purchasing, marketing, displaying and selling products; operating, marketing and other systems, procedures and standards; and the standards of quality, service and cleanliness used in the operation of a Center; all of which may be changed, improved and further developed by Franchisor from time to time.

1.21 “**Territory**” means the geographical area within which Franchisor may not establish or operate, or license another person to establish or operate, a Center, subject to certain reservations of rights set forth in Section 2.3 of this Agreement. Franchisee’s Territory is described in Exhibit A to this Agreement.

1.22 “**Website**,” “**Internet**,” and “**social media**” refer to interactive electronic media and shall be interpreted in their broadest sense to encompass media and technologies that may not exist as of the date of this Agreement and in any event shall include, without limitation, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, LinkedIn, Instagram and on-line blogs and forums.

2. **GRANT**

2.1 Grant of Franchise.

(a) Franchisor grants to Franchisee the right, and Franchisee undertakes the obligation, upon the express terms and conditions set forth in this Agreement, to establish and operate the Center, and to use the Proprietary Marks and the System, as they may be changed and improved from time to time in Franchisor's discretion, solely in connection therewith and only at the Approved Location set forth on Exhibit A of this Agreement.

(b) Franchisee is authorized to offer and sell only products and services authorized by Franchisor, only to retail customers and not for resale, and only in accordance with the requirements of this Agreement and the policies, procedures and standards set forth in the Manuals, as they may be modified by Franchisor from time to time.

2.2 Approved Location. Franchisee shall operate the Franchised Business only at the Approved Location(s). Franchisee shall not operate the Franchised Business at any location that is not an Approved Location or relocate the Franchised Business without the prior written approval of Franchisor. Franchisor may require, in its discretion, that Franchisee execute Franchisor's then-current form of franchise agreement, its site selection acknowledgement agreement, and a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates prior to granting approval of relocation.

2.3 Territory. Except as otherwise provided in this Agreement, during the term of this Agreement, Franchisor shall not establish or operate, nor license any other person to establish or operate, a Center under the System and the Proprietary Marks at any location within the Territory, as set forth in Exhibit A of this Agreement. Franchisor, for itself and its Affiliates, retains the rights, among others, on any terms and conditions Franchisor deems advisable, and without granting Franchisee any rights or compensation:

2.3.1 to establish and operate, directly or indirectly, and license others to establish and operate, one or more Centers under the System and the Proprietary Marks at any location outside the Territory, regardless of the proximity to your Territory or to your Center;

2.3.2 to develop, sell, or distribute, directly or indirectly, or license others to sell or distribute, programs and services of any kind, including (without limitation) types of programs which may or may not be similar to or contain elements of those offered by Centers, at any location whether within or outside the Territory, or through alternate channels of distribution, under the same or different Proprietary Marks;

2.3.3 to sell or distribute, directly or indirectly, and license others to sell or distribute, products of any kind, including branded merchandise, at any location whether within or outside the Territory, or through alternate channels of distribution, under the same or different Proprietary Marks;

2.3.4 to develop or become associated with other concepts (including dual branding and/or other franchise systems) whether or not using the System and/or the Proprietary Marks, and to award franchises or other rights for such other concepts whether within or outside the Territory;

2.3.5 to acquire, merge, affiliate with or engage in any other transaction with other businesses (competitive or not), companies and/or units located anywhere, whether within or outside the Territory. Such transactions may include, without limitation, arrangements involving competing outlets and brand conversions (to or from the Creative Gardens format). Such transactions are permitted under this Agreement, and Franchisee agrees to fully participate in any such conversion, including all re-branding, all at Franchisee's sole expense; and

2.3.6 to use the Proprietary Marks and/or the System in connection with alternate channels of distribution, and, in Franchisor's discretion, to restrict Franchisee's use of alternate channels of distribution and/or particular marketing activities.

2.4 Alternate Channels of Distribution. The term "alternate channels of distribution" shall include, without limitation, the Internet, social media platforms and other electronic means of distribution, subscription services, temporary or popup locations or events, catalog sales, telemarketing, and direct mail. Franchisee shall not offer or sell products or services through alternate channels of distribution without Franchisor's prior written consent.

2.5 Modifications to the System. Franchisee acknowledges that the System may be supplemented, improved, and otherwise modified from time to time by Franchisor; and Franchisee agrees to comply with all reasonable requirements of Franchisor in that regard, including, without limitation, offering and selling new or different programs, affiliations or products as specified by Franchisor. Franchisor may, in its discretion, at any time upon written notice to Franchisee, cancel, replace or modify any portions of the System.

3. TERM AND RENEWAL

3.1 Term. This Agreement shall be in effect upon its acceptance and execution by Franchisor and, except as otherwise provided herein, the term of this Agreement shall be ten (10) years from the date written in the first paragraph of this Agreement, unless this Agreement is sooner terminated pursuant to its terms.

3.2 Successor Franchise. Franchisee's rights and Franchisor's obligations under this Agreement shall terminate at the end of the term of this Agreement, but at that time, subject to the provisions below, Franchisee shall be eligible to be awarded a successor franchise (which may materially differ, in economic terms and other terms, from this Agreement and its requirements) for the Center for one (1) additional consecutive term of ten (10) years, without any further term, successor franchise or right of renewal. Franchisor may require, in its discretion, that any or all of the following conditions be met prior to any award of a successor franchise:

3.2.1 Franchisee shall give Franchisor written notice of Franchisee's election to renew not less than six (6) months nor more than twelve (12) months prior to the Expiration Date. Within ninety (90) days after Franchisor's receipt of such notice, Franchisor will furnish Franchisee with written notice of: (a) any reasons which could cause Franchisor not to award the successor franchise, including any deficiencies which require correction and a schedule for correction thereof by Franchisee, and (b) Franchisor's then-current requirements relating to the

image, appearance, decoration, furnishing, equipping, stocking and programs of a Center, and a schedule for effecting such upgrading, modifications or otherwise, as a condition of receiving the successor franchise;

3.2.2 Prior to the Expiration Date, or within a time period approved in writing by Franchisor, Franchisee shall cure all deficiencies and shall make or provide for, in a manner satisfactory to Franchisor, such renovation and modernization of the Approved Location as Franchisor may reasonably require, including, without limitation, purchase and/or installation of new equipment and renovation of signs, furnishings, fixtures, and décor to reflect the then- current standards and image of the System;

3.2.3 Franchisee shall not be in default of (a) any provision of this Agreement or any amendment hereof or successor hereto, (b) Franchisee's or its Affiliate's obligations to make payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement (as defined in Section 17.4) when due; (c) health or safety requirements under any Other Agreement; or (d) the insurance requirements of any Other Agreement;

3.2.4 Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its Affiliates, and shall have timely met those obligations throughout the term of this Agreement;

3.2.5 Prior to the Expiration Date, Franchisee shall present evidence satisfactory to Franchisor that Franchisee has the right to remain in possession of the Approved Location for the period of ten (10) years, including options, or shall obtain Franchisor's approval of a new location for the Franchised Business that fully complies with all the terms and conditions of this Agreement and the Manuals;

3.2.6 Prior to the Expiration Date, Franchisee shall, at Franchisor's option, execute Franchisor's then-current form of Creative Gardens Center Franchise Agreement, which agreement shall contain no right to an additional successor franchise and which shall supersede this Agreement in all respects, and the economic terms and other terms of which may differ materially from the terms of this Agreement, including, without limitation, a higher royalty fee and advertising contribution and a different or smaller Territory (depending on changes in the demographics of the Territory), except that Franchisee shall not be required to pay any initial franchise fee;

3.2.7 Prior to the Expiration Date, Franchisee shall execute a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, and employees. A copy of Franchisor's general release language as currently used by Franchisor (which is subject to change) is attached as Exhibit B and is approved by Franchisee;

3.2.8 Prior to the Expiration Date, Franchisee shall comply with Franchisor's then-current qualification and training requirements. Franchisor may require Franchisee's personnel to attend and successfully complete any retraining program(s), and at such times and location(s), as Franchisor then specifies. Franchisee shall be responsible for all travel, meals, lodging and other expenses of Franchisee and Franchisee's personnel;

3.2.9 Prior to the Expiration Date, Franchisee shall pay Franchisor a renewal fee in an amount equal to ten percent (10%) of Franchisor's then-current initial franchise fee (or, if no franchises are then being offered, ten percent (10%) of the initial franchise fee most recently charged); and

3.2.10 Franchisee shall be current with respect to its obligations to lessor, suppliers, and any others with whom Franchisee does business.

4. DUTIES OF FRANCHISOR

4.1 Guidelines. Franchisor shall make available at no charge to Franchisee guidelines for a prototypical Center, including exterior and interior design and layout, fixtures, furnishings and signs. Franchisee acknowledges that such guidelines shall not reflect the requirements of any federal, state or local law, code or regulation (including, without limitation, those concerning the ADA or similar rules governing public accommodations or commercial facilities for persons with disabilities).

4.2 Manuals. Upon completion by Franchisee of Franchisor's initial training program to Franchisor's satisfaction, Franchisor shall either lend Franchisee one paper copy of Franchisor's Manuals, as more fully described in Section 10 hereof, or provide Franchisee with electronic access to the Manuals (via intranet, extranet, or other electronic means) for Franchisee's use during the term of this Agreement only. If Franchisee has previously received a paper copy of the Manuals in connection with a Creative Gardens Center Franchise Agreement, Franchisee shall not receive an additional copy pursuant to this Agreement. During the term of this Agreement, Franchisor will provide Franchisee with modifications, additions and deletions to the Manuals from time to time in the manner determined by Franchisor.

4.3 Training. Franchisor shall provide training as set forth in Section 7 hereof.

4.4 Advertising. Franchisor shall furnish to Franchisee templates to be used in Franchisee's advertising materials (such as class schedules and newspaper ads).

4.5 Ongoing Advice. Franchisor shall provide to Franchisee at the time(s) and in the manner determined by Franchisor, in its discretion, advice, assistance, and written materials about operations, services, teaching methods, products, and marketing techniques.

4.6 Reserved.

4.7 Reserved.

4.8 Equipment and Products. Franchisor shall make available or designate or approve other suppliers who shall make available, to Franchisee for purchase, at Franchisor's or such supplier's then-current prices, program aids and consumer products for retail sale in the Franchised Business for so long as Franchisor deems advisable. Franchisor may elect to withdraw any or all of the program aids or consumer products from the System at any time, and may elect to sell or distribute, or license others to sell or distribute, such program aids and consumer products for retail sale.

4.9 Brand Fund. Franchisor shall have the right, without the obligation, to establish and administer a Brand Fund in the manner set forth in Section 13 hereof.

4.10 Performance by Designee. Franchisee acknowledges and agrees that any duty or obligation imposed on Franchisor by this Agreement or applicable law may be performed by any designee, employee, or agent of Franchisor, as Franchisor may direct.

5. **FEES**

5.1 Initial Franchise Fee. In consideration of the franchise granted herein, Franchisee shall pay to Franchisor, on execution of this Agreement, an initial franchise fee of _____ Dollars (\$ _____), receipt of which is hereby acknowledged, which is fully earned and non-refundable in consideration of administrative and other expenses incurred by Franchisor in entering into this Agreement and for Franchisor's lost or deferred opportunity to enter into this Agreement with others.

5.2 Royalty Fee. Franchisee shall pay to Franchisor a continuing royalty fee in an amount equal to six percent (6%) of Gross Receipts, which shall be paid to Franchisor in accordance with Section 5.4 below and submit to Franchisor such reports as required by Section 12.2 below.

5.3 Advertising Expenditures and Contributions. Franchisee shall make expenditures and contributions for advertising and promotion as specified in Section 13 hereof.

5.4 Payments. All payments to Franchisor required by Sections 5.2 and 13 hereof shall be paid within thirty (30) days after the last day of each month based on the Gross Receipts from the preceding month. Franchisor reserves the right to require Franchisee to make all payments hereunder by credit card or electronic funds or wire transfer, upon written notice to Franchisee or as Franchisor may prescribe in the Manuals or otherwise in writing from time to time. Any payment not actually received by Franchisor on or before such date shall be deemed overdue. If any payment is overdue, Franchisee shall pay Franchisor immediately upon demand, in addition to the overdue amount, interest on such amount from the date it was due until received by Franchisor, at the rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by applicable law, whichever is less. In addition to payment of interest, if Franchisee fails to make any payment or submit any report on or before the date on which it is due, Franchisor may impose a late fee of two hundred dollars (\$200). For each thirty-day period that the payment continues to be unpaid or the report not submitted, Franchisor may impose an additional late fee of two hundred dollars (\$200) per each thirty (30) day period. To cover additional expenses incurred by Franchisor in handling dishonored checks or other payments, Franchisee agrees to pay a dishonored payment fee of fifty dollars (\$50) for each dishonored payment tendered by Franchisee. If Franchisee tenders two (2) or more dishonored payments within a one (1) year period or becomes two (2) or more months (or whatever periods in which Franchisor bills) delinquent in any of Franchisee's accounts with Franchisor and/or any Affiliate, Franchisor may require payments on any or all amounts to be made by cashier's check, wire transfer, electronic funds transfer or money order. The fees described in this Section 5.4 are intended to reimburse Franchisor's expenses and to compensate Franchisor for its inconvenience. Entitlement to such

interest and fees shall be in addition to any other remedies Franchisor may have. No delay or omission on the part of Franchisor to collect interest or fees shall operate as a waiver of entitlement to such interest and fees, nor shall any waiver by Franchisor to collect interest or fees on any one occasion be deemed a bar to, or waiver of, such collection right or rights on any future occasion. Franchisee shall not be entitled to set off any payments required to be made under this Section 5 against any monetary claim it may have against Franchisor. At its option, upon three (3) months prior written notice, Franchisor may change the payment schedule described in this Section 5.4 or the reporting schedule described in Section 12.2 to more frequent intervals or otherwise.

5.5 Electronic Funds Transfer. If Franchisor designates that payments required under Sections 5 and 13 hereof be made by electronic fund transfer, Franchisee shall maintain one or more bank accounts solely for the purpose of processing revenues from the operation of its Franchised Business and will deposit all such revenues (including cash, checks, credit card receipts or the value of other forms of payment) into the bank account(s) on or before the payment due date. Franchisee shall furnish to Franchisor, upon Franchisor's request, such bank and account number(s), a voided check from each such bank account, and written authorization for Franchisor to withdraw funds from such bank account(s) via electronic funds transfer without further consent or authorization for Franchisee's royalty fees due to Franchisor based upon Franchisee's Gross Receipts reports for the relevant time periods. Franchisee agrees to execute any and all documents as may be necessary to effectuate and maintain the electronic funds transfer arrangement, as required by Franchisor. Franchisee agrees to pay its portion of costs associated with any such transfer as may be required by its bank. In the event Franchisee changes banks or accounts for the bank account(s) required by this Section 5.5, Franchisee shall provide such information concerning the new account(s) and an authorization to make withdrawals therefrom at least five (5) business days prior to such change. Franchisee's failure to provide such information concerning the bank account(s) required by this Section 5.5 or any new account(s), or Franchisee's withdrawal of consent to withdrawals for whatever reason and by whatever method shall be a breach of this Agreement.

6. ESTABLISHMENT AND MAINTENANCE OF APPROVED LOCATION

6.1 Construction. Franchisee shall renovate or construct, and equip, the Franchised Business at Franchisee's own expense. Before commencing any renovation or construction of the Center, Franchisee, at its expense, shall prepare preliminary and final architectural drawings and specifications of the Approved Location in accordance with Franchisor's standard plans. Such preliminary and final drawings and specifications shall be submitted to Franchisor for its prior written approval. The drawings and specifications shall not thereafter be changed or modified without the prior written approval of Franchisor. Franchisor's approval shall not relate to Franchisee's obligations with respect to any federal, state or local laws, codes, regulations, ordinances, or building codes, including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Business, which shall be Franchisee's sole responsibility.

6.2 Permits. Franchisee shall be responsible, at Franchisee's expense, for conforming the Approved Location to federal, state, and local laws, codes, regulations, ordinances, building codes and the ADA, and for obtaining all zoning classifications, permits, and clearances, including, but not limited to, certificates of occupancy and certificates of health, which may be

required by federal, state or local laws, codes, ordinances, or regulations, or which may be necessary or advisable owing to any restrictive covenants relating to the premises or required by the lessor. Franchisee shall comply with all federal, state and local laws, rules and regulations, and obtain any and all permits, certificates or licenses necessary required for the Franchised Business in a timely manner, including without limitation licenses to do business, child care facility permits and licenses, driver's licenses, fictitious name registrations, sale tax, zoning and occupancy permits, and fire clearances.

6.3 Time of Opening. Franchisee shall obtain Franchisor's written approval prior to first opening the Franchised Business, which approval shall be subject to compliance with Franchisor's then-current requirements. Franchisee shall commence operation of the Franchised Business not later than eighteen (18) months after Franchisee has signed this Agreement. Franchisor has the right, but not the obligation, to extend this time period if it determines, in its sole discretion, that Franchisee is working diligently toward opening. The parties agree that time is of the essence in the opening of the Franchised Business.

6.4 ADA Certification. Prior to opening the Franchised Business, and after any renovation, as described in Section 6.1 above, Franchisee shall execute and deliver to Franchisor an ADA Certification in a form prescribed by Franchisor, to certify to Franchisor that the Center complies with the ADA.

6.5 Maintenance of Approved Location. Franchisee shall (a) maintain the condition and appearance of the Center, its equipment, furniture, fixtures, signs, and the Approved Location in accordance with Franchisor's specifications and standards, and consistent with the approved image of the System and as provided in the Manuals, as each may change from time-to-time; (b) perform such ongoing repair, maintenance and upgrading, with respect to the décor, equipment, furniture, fixtures, signs and otherwise, of the Center and the Approved Location, as may be required by Franchisor from time-to-time in its sole and absolute discretion (including, without limitation: (i) thorough cleaning, repainting and redecorating of the interior and exterior; (ii) interior and exterior repair of the Approved Location; and (iii) repair or replacement of damaged, worn out or obsolete equipment, furniture, fixtures, signs and otherwise); (c) not make any material alterations to the Approved Location or other items, or to the appearance of the Center as originally approved by Franchisor, without Franchisor's prior written approval; and (d) place or display at the Approved Location (interior and exterior) and on all other items only such signs, emblems, lettering, logos and display and advertising materials that are from time-to-time designated by Franchisor.

6.6 Closure of the Center. Franchisee and Franchisor recognize that closure of the Center may become necessary from time-to-time for remodeling, due to fire or other casualty, governmental action, shopping center or street closure, or other reasons. If the Center, the Approved Location or any significant assets used in the operation of the franchise are damaged or become inoperable or if the Center is closed for any reason, Franchisee shall promptly undertake all steps necessary to remedy such conditions and return the Center to full operation as soon as possible. If any closure of the Center takes place for any reason, Franchisee shall immediately notify Franchisor, submit a plan for re-opening (with discussion of budget, deadlines, possible relocation and subject to Franchisor's reasonable approval) and diligently take (at Franchisee's expense) all steps necessary to fully re-open the Center for business as soon as possible but in no

event later than six (6) months after the closure. If Franchisee fails to re-open the Center at an Approved Location within six (6) months, then Franchisee shall begin paying all amounts due or to become due to Franchisor or any Affiliate that are calculated based on Gross Receipts or similar amounts (including, without limitation, percentage royalty fees and percentage Brand Fund contributions). For purposes of calculating these payments, Franchisee's weekly Gross Receipts will be assumed to be equal to the average weekly Gross Receipts during the three (3) four-week periods (or shorter period if the Center was not open for such three (3) four-week periods) immediately preceding the closure of the Center.

7. TRAINING

7.1 Initial Training Program. Prior to the operation of the Franchised Business, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee who owns at least fifty percent (50%) of Franchisee and is approved by Franchisor) shall attend and complete to Franchisor's satisfaction the initial training program for franchisees offered by Franchisor. If Franchisee has designated an Operations Manager at the time that Franchisee begins the initial training program, Franchisee may enroll the Operations Manager in the same initial training program at no additional charge. Franchisor will furnish the initial training program at a time and place, and for such period, as Franchisor designates in its discretion. If Franchisee (or its principal or Operations Manager) has been previously trained, Franchisor may elect to waive initial training or may require attendance at a revised or shortened training program. Franchisor may require successful completion of training by all of Franchisee's supervisory personnel and Franchisor may furnish such training program at reasonable charges and at such times and places as Franchisor designates. In the event that Franchisee's Operations Manager attends an initial training program after Franchisee's initial training, and for any persons subsequently employed by Franchisee as Operations Manager, Franchisor may charge Franchisor's then-current fee for conducting such initial training program.

7.2 Additional Training Programs. Franchisor may require (i) Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee who owns at least fifty percent (50%) of Franchisee and is approved by Franchisor) or Franchisee's principal operating officer and (ii) Franchisee's Operations Manager and teachers to attend regional training sessions and teacher training programs from time to time in order to maintain consistency in the Creative Gardens System. Franchisor may also require (a) Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee) or Franchisee's principal operating officer, and (b) Franchisee's Operations Manager to attend additional remedial training programs as specified by Franchisor from time to time whenever, in Franchisor's opinion, Franchisee's performance indicates that supplemental training is necessary or appropriate. Franchisee agrees to pay Franchisor its then-current fee as set forth in the Manuals in connection with such regional and remedial training sessions.

7.3 Failure to Complete Initial Training. If Franchisor, in its sole and absolute discretion, determines that Franchisee (or a principal of Franchisee who owns at least fifty percent (50%) of Franchisee and is approved by Franchisor) has not successfully completed Franchisor's initial training program, Franchisor may terminate this Agreement and/or any other agreements with Franchisee. Upon such termination, Franchisee must return all Manuals, Franchisee (and each Affiliate of Franchisee's) must execute a general release, in a form prescribed by Franchisor,

of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, and employees. Since the possibility of such termination exists, Franchisee understands that if Franchisee makes any investments or signs any documents prior to completion of training, Franchisee is at risk.

7.4 Annual or Regional Meetings. Franchisee (or a principal who owns fifty percent (50%) of Franchisee and is approved by Franchisor) shall attend every annual or regional franchisee meeting that Franchisor may offer to discuss and review new programming ideas and concepts. Franchisor shall designate the times and places for such meetings. Franchisee agrees to pay to Franchisor, at such time as Franchisor designates prior to the meeting, a fee equal to the then-current per-attendee fee for Franchisor's annual or regional meeting multiplied by the number of Franchisee's attendees.

7.5 Teacher Training. Franchisor may require all Center teachers to participate in local, regional and/or national teacher training programs which may include training at Franchisor's principal office or such other locations as Franchisor may designate. Franchisee shall provide to Franchisor periodic reports of participation in the teacher training programs on behalf of each teacher in such form and manner as Franchisor prescribes.

7.6 Franchisee's Expenses. For all training programs and seminars required by this Section 7, Franchisee shall be responsible for any and all other expenses incurred by Franchisee or its employees in connection with any such courses, seminars, and programs, including, without limitation, the costs of transportation, lodging, meals, and wages.

7.7 Recordings. From time to time, Franchisor may develop audio or video CD's, webinars, or other recordings to update System franchisees on new program ideas, lessons, procedures and techniques. Franchisee agrees to purchase or download such recordings from Franchisor at list cost, plus postage and handling, and to promptly view and/or listen to such recordings upon Franchisee's receipt thereof, and incorporate such ideas, lessons, procedures and techniques in the operation of the Center.

8. DUTIES OF FRANCHISEE

8.1 Active Participation. Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal of Franchisee having signing authority on behalf of Franchisee and who is approved by Franchisor) shall be in charge of its day-to-day operations. If at any time Franchisee desires to designate a person other than Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the approved principal) as the Operations Manager for the Franchised Business or desires to designate another person as Operations Manager, such designation or change shall require the prior written approval of Franchisor, which approval will be given provided the proposed individual (i) satisfies Franchisor's then-current standards for new franchisees except for monetary requirements, and (ii) attends (and pays a reasonable fee for attending) the next initial training program and all subsequent regional training sessions and annual seminars, if requested by Franchisor.

8.2 Management. The Center must be personally managed on a full-time basis by a person who has successfully completed all training required by Franchisor and meets all of

Franchisor's other then-current non-financial standards, unless otherwise approved in writing by Franchisor. Franchisor strongly recommends that Franchisee personally manage its Center on an "on-premises" basis. Franchisee shall keep Franchisor advised in writing of the identities of the Operations Manager and other supervisors of the Center, and Franchisor will have the right to communicate directly with the Operations Manager on matters pertaining to day-to-day operations of, and reporting requirements for, the Center, or Franchisor may elect to communicate directly with Franchisee even if Franchisee has hired an Operations Manager. Franchisee shall hire all employees of the Center and shall be solely responsible for their supervision and possible termination, the terms of their employment and compensation and for the proper training of such employees in the operation of the Center. Franchisee will establish and maintain for the Center an ongoing training program, meeting Franchisor's standards, for new and continuing employees. Franchisee shall take such steps as are necessary to ensure that its employees comply with Franchisor's policies and standards. Nothing in this paragraph shall relieve Franchisee of its obligation under Section 19.1 of this Agreement to devote full time and best efforts to the management and operation of the Franchised Business.

8.3 Operating Standards. Franchisee understands and acknowledges that every detail of the Franchised Business is important to Franchisee, Franchisor and other franchisees in order to develop and maintain high operating standards, to increase the demand for the products and services sold by all franchised businesses operating under the System, and to protect Franchisor's reputation and goodwill.

8.4 Center Operations. Franchisee shall use the Approved Location solely for the operation of the Center; shall keep the Franchised Business open and in normal operation for such minimum hours and days as Franchisor may specify; shall refrain from using or permitting the use of the Approved Location for any other purpose or activity at any time without first obtaining the written consent of Franchisor; and shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee shall refrain from deviating from such standards, specifications, and procedures without Franchisor's prior written consent.

8.5 Adherence to Standards and Specifications. To ensure that the highest degree of quality and service is maintained, Franchisee shall operate the Franchised Business in strict conformity with such methods, standards, and specifications as Franchisor may from time to time prescribe in the Manuals or otherwise in writing. Franchisee acknowledges and agrees that Franchisee's failure to comply with the Manuals shall constitute a material breach of this Agreement. Franchisee agrees that:

8.5.1 Franchisee and all staff of the Center shall comply with Franchisor's qualifications, dress, grooming, general appearance and demeanor standards and wear such uniforms as Franchisor specifies from time to time in its sole and absolute discretion.

8.5.2 Franchisee shall (a) sell or offer for sale only such products and services as have been expressly approved for sale in writing by Franchisor and/or as described in the Manuals, (b) refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent, and (c) immediately discontinue selling and offering for sale any products and services which Franchisor may, in its discretion, disapprove in writing at any time.

8.5.3 Franchisor and its agents shall have the right, at any time during business hours, and without prior notice, to (1) inspect the Approved Location, equipment, furniture, fixtures, signs, operating materials and supplies; (2) observe, photograph and video tape the operations of the Center for such consecutive or intermittent periods as Franchisor deems necessary in its sole and absolute discretion; (3) authorize third-party agents, shoppers or investigators to inspect and observe the operations of the Center; (4) interview personnel and customers of the Center; (5) remove samples of any items for testing and analysis; and (6) inspect, and/or conduct, supervise or observe a physical count of, the inventory and assets of the Center. Franchisee must fully cooperate with Franchisor in connection with any such inspections, observations, photography, audio and video recording and interviews. Franchisee must present to its customers such evaluation forms (including electronic forms) as are periodically prescribed by Franchisor and must participate and request its customers to participate in any surveys performed by or on behalf of Franchisor.

8.5.4 Franchisee agrees to promptly and regularly enter the names and addresses of its class and open house attendees and other names and addresses gathered as a result of Franchisee's marketing program, together with such other information as Franchisor may require, into the Computer System (as defined below) to be accessed by Franchisor as described in Section 8.7.4 below. Franchisor may use the lists and information (1) to analyze enrollment trends, (2) to market Franchisor-developed products and services, or products and services consistent with the System image, (3) to provide the lists and information to third parties, and (4) for such other purposes as Franchisor deems appropriate.

8.5.5 On Franchisor's request, Franchisee shall purchase, display, and distribute Franchisor-specified quantities of the then-current Creative Gardens® product catalog to Franchisee's classes and its open house attendees (the costs therefor to be borne by Franchisee).

8.5.6 In the event Franchisor, in its sole and absolute discretion and without obligation to do so, elects to pay certain expenses of operating Franchisee's Center when Franchisee fails to do so, Franchisee shall immediately reimburse Franchisor in the amount of such payments and all expenses incurred in connection therewith plus late fees as provided for herein.

8.5.7 Deleted.

8.5.8 Franchisee shall participate in Franchisor's gift certificate/card program for all Centers operating under the System, as prescribed by Franchisor in the Manuals or otherwise in writing from time to time, including, but not limited to, selling and offering for sale gift certificates/cards which may be redeemed at any Center for services or products, and permitting customers who purchased gift certificates/cards from another Center or Franchisor to redeem their gift certificates for services or products at Franchisee's Center.

8.5.9 Franchisee shall purchase and install, at Franchisee's sole expense, a décor package, and indoor and outdoor signage in the form and in the manner required by Franchisor in the Manuals or otherwise in writing from time to time.

8.6 Equipment and Program Aids. Franchisee shall acquire and install at the Center, at Franchisee's expense, the minimum standard supplies/equipment for the Center, playground equipment, program aids, telephone system, computer hardware, software, classroom technology, office and lobby furniture, office equipment and supplies, and indoor and outdoor signs, all as further specified in the Manuals.

8.7 Computer System and Required Software.

8.7.1 Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee at or in connection with the Center, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at the Center; (b) printers and other peripheral hardware or devices; (c) archival back-up systems; (d) Internet access mode and speed; and (e) physical, electronic, and other security systems (collectively, the "Computer System").

8.7.2 Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (a) computer software programs that Franchisee must use in connection with the Computer System (the "**Required Software**"), which Franchisee shall install at Franchisee's expense; (b) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (c) the tangible media upon which Franchisee records data; and (d) the database file structure of the Computer System.

8.7.3 At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with Franchisor's standards and specifications. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section 8.7 shall be at Franchisee's sole cost and expense.

8.7.4 Franchisee shall install and maintain the equipment, make the arrangements, and follow the procedures that Franchisor requires in the Manuals (including the establishment and maintenance of Internet, intranet, or extranet access or other means of electronic communication, as specified by Franchisor from time to time) to permit Franchisor to access, download, and retrieve electronically, by telecommunication or other designated method, any information stored in Franchisee's Computer System, including information concerning the Gross Receipts and customers of the Center. Franchisor shall have access to the information at the times and in the manner that Franchisor specifies from time to time. Franchisee shall execute any and all agreements that Franchisor requires concerning the Computer System, Internet, intranet or extranet systems (including, without limitation, Franchisor's then-current Extranet License Agreement), and shall agree to Franchisor's "terms of use" for such systems, and Franchisee shall pay any fee imposed by Franchisor in connection with hosting such intranet or extranet system.

Franchisee shall adhere to Franchisor's privacy policy posted on Franchisor's customer Website, as amended from time to time by Franchisor in its discretion.

8.7.5 Franchisee shall use its best efforts to protect customers against a cyber-event, identity theft, or theft of personal information. Franchisee must at all times be in compliance with (a) the Payment Card Industry Data Security Standards ("PCI DSS") (as they may be modified from time to time or as successor standards are adopted), (b) the Fair and Accurate Credit Transactions Act ("FACTA"), (c) regional, national, and local laws and regulations relating to data and personal privacy, data security, security breaches, and electronic payments, (d) the operating rules and regulations of all credit card, debit card and/or ACH processors and networks that are utilized in the Franchised Business, and (e) Franchisor's security policies and guidelines, all as may be amended from time to time.

8.8 Deleted.

8.9 Program Aids and Consumer Products; Programs and Curricula. For so long as Franchisor deems advisable (as described in Section 4.8 above), Franchisee shall purchase all designated program aids and consumer products from Franchisor or its designated supplier at Franchisor's or the supplier's then-current list price for such products. Payment for such program aids and consumer products shall be due and payable in full upon placement of any order with Franchisor or upon such other terms as Franchisor may from time to time specify. So long as Franchisee is required to carry consumer products, it shall at all times maintain an inventory of designated items in the minimum quantities specified by Franchisor from time to time. Franchisee shall immediately cease to sell or distribute such program aids and consumer products designated by Franchisor upon receipt of notice from Franchisor. Franchisor may identify certain programs or curricula that Franchisee is permitted (or, at Franchisor's option, required) to purchase, use and/or sell to customers. Franchisor reserves the right to modify or discontinue any of the programs or curricula, in its sole business judgment.

8.10 Designated Suppliers. Franchisor has designated and may, in the future and in its sole and absolute discretion, designate suppliers of the equipment, products, services and supplies that meet its standards and requirements, including, without limitation, standards and requirements relating to reputation, quality, prices, consistency, reliability, financial capability, labor relations and customer relations. Franchisee agrees that Franchisee will purchase such equipment, products, services and supplies only from suppliers that Franchisor has designated. Franchisor has the right, in its sole and absolute discretion, to designate a single supplier or limited number of suppliers, to designate a supplier only as to certain items, and to concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or other benefits. Franchisor has the right to receive rebates, commissions, or other compensation from designated suppliers, and has the right to designate itself or an affiliate to be an approved supplier, or the only approved supplier, of any products or other items.

8.11 Approved Suppliers. All equipment, program aids, signs, products, services and supplies used or offered for sale at the Center shall meet Franchisor's then-current standards and specifications, as established in the Manuals or otherwise in writing. Except as provided by Sections 8.9 and 8.10 hereof, Franchisee shall purchase all equipment, program aids, signs, products, services and supplies used at the Center for which Franchisor has established standards

or specifications solely from suppliers (including manufacturers, distributors and other sources) which demonstrate, to the continuing reasonable satisfaction of Franchisor, the ability to meet Franchisor's standards and specifications, who possess adequate quality controls and capacity to supply Franchisee's needs promptly and reliably, and who have been approved by Franchisor in the Manuals or otherwise in writing. If Franchisee desires to purchase products or services from a party other than an approved supplier, Franchisee shall submit to Franchisor a written request to approve the proposed supplier, together with such evidence of conformity with Franchisor's specifications as Franchisor may reasonably require (including, without limitation, drawings, brochures, samples and related items). Franchisor shall have the right to require that the proposed supplier sign a nondisclosure agreement, that Franchisor's representatives be permitted to inspect the supplier's facilities, and that samples from the supplier be delivered for evaluation and testing either to Franchisor or to an independent testing facility designated by Franchisor. A charge not to exceed the reasonable cost of the evaluation and testing shall be paid by Franchisee. Franchisor shall use commercially reasonable efforts, within ninety (90) days after its receipt of such completed request and completion of such evaluation and testing (if required by Franchisor), to notify Franchisee in writing of its approval or disapproval of the proposed supplier. Approval shall not be unreasonably withheld provided the supplier meets Franchisor's quality controls and capacity needs. Franchisee shall not use, sell or offer for sale any items of the proposed supplier until Franchisor's written approval of the proposed supplier is received. Franchisor may from time to time revoke its approval of particular equipment, program aids, signs, products or suppliers when Franchisor determines, in its discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee shall immediately cease to sell any disapproved items and cease to purchase from any disapproved supplier. Franchisee agrees that it shall use items purchased from approved suppliers solely for the purpose of operating the Franchised Business and not for any other purpose, including, without limitation, resale. Nothing in the foregoing shall be construed to require Franchisor to make available to prospective suppliers, standards and specifications for equipment, program aids, signs, products or supplies that Franchisor, in its discretion, deems confidential.

8.12 Advertising and Promotional Materials. Franchisee shall ensure that all advertising and promotional materials, signs, decorations and other items specified by Franchisor bear the Proprietary Marks in the form, color, location, and manner prescribed by Franchisor and otherwise comply with Franchisor's "Brand Builder" materials provided to Franchisee at the initial franchise training and such other materials provided by Franchisor in its discretion from time to time.

8.13 Changes to the System. Franchisee shall not implement any change, amendment or improvement to the System without the express prior written consent of Franchisor. Franchisee shall notify Franchisor in writing of any change, amendment or improvement in the System which Franchisee proposes to make, and shall provide to Franchisor such information as Franchisor requests regarding the proposed change, amendment or improvement. Franchisee acknowledges and agrees that Franchisor shall have the right to incorporate the proposed change, amendment or improvement into the System and shall thereupon obtain all right, title and interest therein without compensation to Franchisee.

8.14 Compliance With Lease. Franchisee shall comply with all the terms of its lease or sublease and all other agreements affecting the operation of the Franchised Business; shall, upon Franchisor's request, promptly furnish Franchisor a copy of its lease and all lease amendments

and related documents (including, without limitation, estoppel certificates and subordination, non-disturbance and attornment agreements (SNDAs)); shall undertake best efforts to maintain a good and positive working relationship with its landlord and/or lessor; and shall refrain from any activity which may jeopardize Franchisee's right to remain in possession of, or to renew the lease or sublease for, the Franchised Business premises.

8.15 Health and Safety Standards. Franchisee shall meet and maintain the highest health and safety standards and ratings applicable to the operation of the Franchised Business. Franchisee shall furnish to Franchisor within five (5) business days after receipt thereof, a copy of any violation or citation which indicates Franchisee's failure to maintain local health or safety standards in the operation of the Franchised Business.

8.16 Crimes. Franchisee shall notify Franchisor within five (5) business days if Franchisee or any of its owners is charged with or convicted by a trial court of or pleads no contest to a felony, or to any crime or offense that may adversely affect the reputation of Franchisee (including, but not limited to, child abuse or other mistreatment, health or safety hazards, drug or alcohol problems, or allowing unlawful activities or unauthorized or illegal items to be used or distributed at the Approved Location).

8.17 Customer Surveys. Franchisor reserves the right to establish reasonable customer satisfaction standards and a scoring system for customer satisfaction ratings as prescribed from time to time in the Manuals or otherwise in writing, based on customer surveys conducted by Franchisor or its designee. Franchisee shall continuously maintain acceptable customer satisfaction ratings (as reasonably determined by Franchisor and described in the Manuals or otherwise in writing) throughout the term hereof. Franchisee acknowledges and agrees that its maintenance of such customer satisfaction ratings throughout the term hereof is a material obligation of Franchisee hereunder.

9. PROPRIETARY MARKS

9.1 Franchisor Representations. Franchisor represents with respect to the Proprietary Marks:

9.1.1 Franchisor has the right to use, and to license others to use, the Proprietary Marks; and

9.1.2 The owner of the Proprietary Marks has taken and will take all steps reasonably necessary to preserve and protect the ownership and validity of the Proprietary Marks.

9.2 Franchisee's Use of Marks. With respect to Franchisee's use of the Proprietary Marks, Franchisee agrees that:

9.2.1 Franchisee shall use only the Proprietary Marks designated by Franchisor, and shall use them only in the manner authorized and permitted by Franchisor in writing;

9.2.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business, or in advertising for the Franchised Business conducted at or from the Approved Location;

9.2.3 Unless otherwise authorized or required by Franchisor, Franchisee shall operate and advertise the Franchised Business only under the name “Creative Gardens” and shall use all Proprietary Marks without prefix or suffix. Franchisee shall not use the Proprietary Marks as part of its corporate or other legal name;

9.2.4 During the term of this Agreement and any renewal or extension hereof, Franchisee shall identify itself as the owner of the Franchised Business (in the manner required by Franchisor) in conjunction with any use of the Proprietary Marks, including, but not limited to, on invoices, order forms, receipts, checks, business stationery, and contracts with all third parties or entities, as well as the display of such notices in such content and form and at such conspicuous locations as Franchisor may designate in writing;

9.2.5 Franchisee’s right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of the rights of the owner of the Proprietary Marks and will entitle Franchisor to exercise all of its rights under this Agreement in addition to all rights available at law or in equity;

9.2.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of Franchisor;

9.2.7 Franchisee shall execute any documents deemed necessary by Franchisor to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

9.2.8 Franchisee acknowledges and represents to Franchisor that Franchisee has investigated the region in which Franchisee desires to open the Center and has found therein no use by an unauthorized person or entity of the name “Creative Gardens” or any similar trade name, or other commercial identification. Franchisee shall promptly notify Franchisor in writing of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor’s Affiliate’s ownership of, Franchisor’s right to use and to license others to use, or Franchisee’s right to use, the Proprietary Marks. Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee’s use of the Proprietary Marks. If Franchisor, in its discretion, determines that Franchisee has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisor. If Franchisor, in its discretion, determines that Franchisee has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Franchisee. In the event of any litigation relating to Franchisee’s use of the Proprietary Marks, Franchisee shall execute any and all documents and do such acts as may, in the opinion of Franchisor, be necessary to carry out such defense or prosecution, including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee’s use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for its out-of-pocket costs in doing such acts;

9.2.9 Franchisee shall not attempt to register or otherwise obtain any interest in any Internet domain name or URL containing any of the Proprietary Marks or any other word, name, symbol or device which is likely to cause confusion with any of the Proprietary Marks; and

9.2.10 Deleted.

9.3 Acknowledgments. Franchisee expressly understands and acknowledges that:

9.3.1 Deleted;

9.3.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

9.3.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of the ownership of the Proprietary Marks, or Franchisor's right to use and to license others to use the Proprietary Marks;

9.3.4 Franchisee's use of the Proprietary Marks does not give Franchisee any ownership interest or other interest in or to the Proprietary Marks;

9.3.5 Any and all goodwill arising from Franchisee's use of the Proprietary Marks shall inure solely and exclusively to the benefit of the trademark owner, and upon expiration or termination of this Agreement and the license granted herein, no monetary amount shall be assigned to Franchisee or any of its principals, Affiliates, subsidiaries, successors, licensees or assigns as attributable to any goodwill associated with Franchisee's use of the System or the Proprietary Marks;

9.3.6 Except as specified in Section 2.3 hereof, the license of the Proprietary Marks granted hereunder to Franchisee is nonexclusive, and Franchisor thus has and retains the rights, among others: (a) to use the Proprietary Marks itself in connection with selling any products and services; (b) to grant other licenses for the Proprietary Marks; and (c) to develop and establish other systems using the Proprietary Marks, similar marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee;

9.3.7 Franchisor reserves the right, in Franchisor's discretion, to modify, add to, or discontinue use of the Proprietary Marks, or to substitute different proprietary marks, for use in identifying the System and the businesses operating thereunder. Franchisee agrees promptly to comply with such changes, revisions and/or substitutions, and to bear all the costs of modifying Franchisee's signs, advertising materials, interior graphics and any other items which bear the Proprietary Marks to conform therewith; and

9.3.8 There could be one or more businesses, similar to the Franchised Business, operating in or near the area(s) where Franchisee may conduct business or otherwise, using a name and/or proprietary marks similar to the Proprietary Marks. Franchisor strongly recommends that Franchisee conduct an independent investigation of such possibility, using telephone directories, local filings, conducting internet searches and by other means, prior to Franchisee's execution of this Agreement, any other documents, expending or paying any sums, or making any commitments related to the Franchised Business.

10. OPERATING MANUALS

10.1 Center Operation. In order to protect the reputation and goodwill of Franchisor and to maintain high standards of operation under the System, Franchisee shall at all times operate the Franchised Business in accordance with the specifications, standards, methods, policies, and operating procedures specified in the Manuals. Franchisor will provide to Franchisee on loan, or make available by electronic means, one copy of the Manuals for the term of this Agreement in accordance with Section 4.2 hereof.

10.2 Confidentiality. The Manuals contain confidential business information and trade secrets that belong to Franchisor. Franchisor owns the Manuals and all rights, including proprietary rights, in, and to, the Manuals and their information. Any copies and summaries of the Manuals are, and shall at all times remain, the property solely of Franchisor. Franchisee shall at all times treat the Manuals, their information, any other manuals or other documents created for or approved for use in the operation of the Center as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Franchisee shall not copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, or otherwise make the same available to any person not authorized in writing by Franchisor.

10.3 Revisions to Manuals. Franchisor has the sole and absolute right to modify, add to, and delete from, the Manuals at any time. When notified in writing by Franchisor, Franchisee shall promptly update Franchisee's copy of the Manuals with any modifications of, additions to, and deletions from, them. If Franchisee does not receive a paper copy of the Manuals, but instead is provided electronic access to the Manuals, all modifications of, additions to, and deletions from the Manuals will be made by Franchisor. Any written notice that Franchisor delivers to Franchisee containing any such modification of, addition to, and deletion from the Manuals shall bind Franchisee upon Franchisor's delivery of such notice. Franchisee shall be solely responsible to ensure that the Center is operated in compliance with the most current and up-to-date version of the Manuals. Franchisee expressly agrees to comply with and implement each new or changed standard, method, policy and procedure promptly and at Franchisee's sole expense.

10.4 Electronic Access to Manuals. Franchisor has the right to maintain all or any portions of the Manuals in written or electronic form, including, without limitation, on one or more Websites. If Franchisor maintains the Manuals in electronic form or on one or more Websites, Franchisee agrees (a) to install, maintain, and upgrade continually throughout the term of this Agreement and as required by Franchisor in the Manuals and in writing from time to time, at Franchisee's sole expense, the highest-speed Internet connection available to provide access to such portions of the Manuals; (b) to make no more than one copy of such portions of the Manuals and to maintain such copies and their contents as secret and confidential; and (c) Franchisee and none of Franchisee's principals or employees shall make any electronic copy of any portion of the Manuals.

10.5 Master Copy. The electronic copy (or, if unavailable, the paper copy) of the Manuals maintained by Franchisor at its home office is, and shall be, controlling in the event of any dispute as to the Manuals' contents. Franchisee shall use the Manuals solely for the operation of the Center.

11. CONFIDENTIAL INFORMATION

11.1 Confidential Information. Franchisee shall not, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, partnership, association, limited liability company, corporation or other entity any confidential information, knowledge or know-how concerning the methods of operation of the business franchised hereunder, including, without limitation, the methods of implementing the System; contents of video training tapes, trainings, lesson plans, seminars and workshops conducted by Franchisor; methods, techniques, specifications, procedures, information, lesson plans, systems and knowledge of and experience in the development, operation, and franchising of Centers; marketing programs and promotional aids; knowledge of test, research and development programs for the development and introduction of products and services to be sold at Centers; business forms; accounting procedures; information bulletins; proprietary software; and customer lists and information, which may be communicated to Franchisee or of which Franchisee may be apprised or develop by virtue of Franchisee's operation under the terms of this Agreement. Franchisee shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Franchised Business provided such persons are bound to written confidentiality obligations as described in Section 11.2. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed confidential for purposes of this Agreement. Franchisee acknowledges and agrees that all such confidential information is a valuable asset of Franchisor, and that Franchisee shall not acquire any ownership interest therein.

11.2 Confidentiality Agreements. Franchisee shall require Franchisee's Operations Manager and other such personnel having access to any of Franchisor's confidential information to execute covenants to maintain the confidentiality of information they receive in connection with their employment by Franchisee; where permitted by law, Franchisor may also require such employees to sign non-competition covenants. Such covenants shall be in a form acceptable to Franchisor, which may include the form attached hereto as Exhibit B. An original of each executed agreement shall be available for Franchisor's inspection during business hours, and, on Franchisor's request, Franchisee shall promptly deliver to Franchisor copies of such executed agreements. On occasion, Franchisor may request Franchisee to require Franchisee's Operations Manager or other such personnel having access to any of Franchisor's confidential information to execute additional covenants.

12. ACCOUNTING AND RECORDS

12.1 Recordkeeping. Franchisee shall maintain such records and furnish such reports to Franchisor in such form as Franchisor from time to time prescribes. Franchisee shall establish and maintain at its own expense a bookkeeping, accounting and recordkeeping system conforming to the requirements, data processing systems, formats and accounting basis prescribed by Franchisor from time to time. Franchisee shall prepare, and shall preserve for at least five (5) years from the dates of their preparation, complete and accurate books, records and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by Franchisor from time to time in the Manuals or otherwise in writing.

12.2 Monthly Reports. Within thirty (30) days after the last day of each month and concurrently with each payment of royalty fees, Franchisee shall deliver to Franchisor a statement of Gross Receipts, expenses, class attendance, and related information for each monthly session on a form provided by Franchisor as well as any other reports Franchisor may request from time to time. In addition, Franchisee shall provide to Franchisor at certain times during a class session's term, estimates of revenue and other related information as specified in the Manuals. Franchisee agrees to keep and maintain, at Franchisee's principal place of business, records of Gross Receipts and expenses. At its option, Franchisor may change the reporting schedule, with three (3) months prior written notice to Franchisee, to more frequent intervals or otherwise.

12.3 Other Reports. Franchisee shall furnish to Franchisor, in the form from time to time prescribed by Franchisor upon its request, such data, information, and records for such periods as Franchisor from time to time requires (including, without limitation, federal, state and local sales, income or other tax returns filed by Franchisee or its principals). Any such information submitted by Franchisee to Franchisor shall be verified and signed by Franchisee in the manner prescribed by Franchisor.

12.4 Inspection and Audit. Franchisor and its designated agents shall have the right at all reasonable times to examine and copy, at Franchisor's expense, the books, records, accounts and tax returns of Franchisee, whether in electronic or paper form. Franchisor shall also have the right, at any time, to have an independent audit made of the books, records, accounts and tax returns of Franchisee. If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to interest and late fees (at the rate and on the terms provided in Section 5.4 above) from the date such amount was due until paid. In the event Franchisee fails to provide all documents to Franchisor or its designated agents for examination as required herein, it will be presumed that payments due to Franchisor have been understated by at least five percent (5%). Further, in the event such inspection or audit is made necessary by the failure of Franchisee to furnish reports, supporting records, or other information, as herein required, or to furnish such reports, records, or information on a timely basis, or if an understatement of Gross Receipts for any period of any audit is determined by any such audit or inspection to be greater than three percent (3%), Franchisee shall reimburse Franchisor immediately upon Franchisor's demand (but in no case more than five (5) business days after Franchisor's request) for the cost of such inspection or audit, including, without limitation, the charges of attorneys and any independent accountants, and the travel expenses, room and board and applicable per diem charges for Franchisor's employees, attorneys, and independent accountants. In addition, Franchisee shall pay interest at a rate of one and one-half percent (1.5%) per month, or the maximum rate permitted by applicable law, whichever is less, on the amount owed, and Franchisor shall have the right to terminate this Agreement. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

13. ADVERTISING AND PROMOTION

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

13.1 Advertising Materials. All advertising and promotion by Franchisee shall be in such media and of such type and format as Franchisor approves in writing, shall be conducted in a dignified manner and shall conform to such standards and requirements as Franchisor may specify (including, without limitation, containing copyright, trademark or other notices required by Franchisor). Franchisee shall not use any advertising or promotional materials or programs, or coupons (except as described in Section 13.6 below) unless and until Franchisee has received written approval from Franchisor, pursuant to the procedures and terms set forth in Section 13.2 below. Franchisee shall purchase from Franchisor or approved suppliers reasonable quantities of current advertising materials for distribution, and shall maintain an adequate supply of all printed advertising and other promotional materials at the Center at all times.

13.2 Approval of Advertising Materials. Franchisee shall submit to Franchisor samples of all advertising and promotional materials, programs and marketing plans for any electronic, print, broadcast, or other media (including, without limitation, the Internet and social media) that Franchisee desires to use and that have not been prepared or previously approved by Franchisor within the preceding six (6) months (as provided in Section 23 hereof), for Franchisor's prior written approval (except with respect to minimum prices to be charged). Franchisee shall not use such plans or materials until they have been approved in writing by Franchisor. Franchisor may withhold its approval in its business judgment.

13.3 Brand Fund. During the term of this Agreement, Franchisee shall also contribute for advertising and promotion to the System's Brand Fund up to three percent (3%) of Franchisee's Gross Receipts ("**Brand Fee**") in such amount as Franchisor notifies Franchisee from time to time in writing or in the Manuals. The Brand Fee shall be calculated and payable at the same time and in the same manner as the royalty fee pursuant to Section 5.4 above. Such contributions to the Brand Fund shall be in addition to the expenditures required by Sections 13.4 and 13.5 below. All Franchisor-operated centers will make contributions to the Brand Fund in the same amount then required of franchisees in the System. Franchisee understands and acknowledges that, due to differing forms of franchise agreements or otherwise, some franchisees may have different Brand Fund and/or other obligations than in this Agreement.

The Brand Fund shall be maintained and administered by Franchisor as follows:

13.3.1 Franchisor shall direct all advertising programs, with sole discretion over all matters relating to the Brand Fund (consistent with its purposes and the provisions of this Agreement) in any way, including, but not limited to, its management, financial matters, expenditures, receipts and/or investments by the Brand Fund, timing of expenditures, creative concepts, content, materials and endorsements for any marketing programs, together with the geographic, market, and media placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition, acceptance, and use of the System; and that Franchisor is not obligated, in administering the Brand Fund, to make expenditures for Franchisee which are equivalent or proportionate to Franchisee's contribution, or to ensure that any particular franchisee benefits directly or from expenditures by the Brand Fund.

13.3.2 The Brand Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, preparing, producing, distributing and using advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which Franchisor believes will enhance the image of the Creative Gardens brand and System, including but not limited to the costs of preparing and conducting electronic (including Internet-based and social media), radio, television, print, direct mail, and billboard advertising; administering national, regional and other marketing, advertising and promotional programs; developing, maintaining and updating Websites, social media sites and emerging technologies; SEO software; email marketing; purchasing media and signage; “brand/image advertising”; research and development of new products and services; conducting surveys and secret shopper programs; funding contests, coupons, and other promotional programs; conducting public relations activities and reputation management; purchasing and distributing promotional items; the development and maintenance of mobile applications, intranets, and other media or devices to foster customer engagement and facilitate communication; and expenses associated with any franchisee advisory council(s). Franchisor reserves the right to use the Brand Fund for public relations or recognition of the Creative Gardens brand and for the development and maintenance of a Website, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a brief statement in any advertisement regarding the availability of information regarding the purchase of Creative Gardens franchises.

13.3.3 Franchisor or its affiliates may perform any or all of the functions described in this Section 13 themselves, and they shall be reimbursed from the Brand Fund for the proportionate share of their operating expenses, overhead and compensation of their employees devoted to these functions; and/or they may retain third party agencies, paid from the Brand Fund, to perform any and all of these functions. As an alternative to calculating the proportionate share of operating expenses, overhead, and employee compensation attributable to marketing, advertising and promotional activities, Franchisor may pay itself an administrative fee of 10% of the annual aggregate Brand Fees from the Brand Fund, plus reimbursement for its out-of-pocket costs on marketing, advertising and promotional activities.

13.3.4 Franchisor shall maintain separate bookkeeping accounts for the Brand Fund. Franchisee acknowledges that Franchisor is not a fiduciary to Franchisee of the monies in the Brand Fund. It is anticipated that all contributions to and earnings of the Brand Fund will be expended during the taxable year within which the contributions are made. If, however, excess amounts remain in the Brand Fund at the end of such taxable year, all expenditures in the following taxable year(s) will be made first out of accumulated earnings from previous years, next out of earnings in the current year, and finally from contributions.

13.3.5 Although the Brand Fund is intended to be of perpetual duration, Franchisor maintains the right to terminate the Brand Fund. The Brand Fund shall not be terminated, however, until all monies in the Brand Fund have been expended for marketing, advertising and/or promotional purposes. Franchisor shall prepare an annual statement of monies collected and costs incurred by the Brand Fund for the prior year, which Franchisor will provide to Franchisee upon reasonable written request. Franchisor may (but is not required to) have financial statements of the Brand Fund audited, and any related costs shall be paid by the Brand Fund.

13.4 Local Marketing Program. Franchisee shall implement a local marketing program in accordance with the Manuals. In addition to the contributions to the Brand Fund required by Section 13.3 above, Franchisee shall spend for local advertising and promotion of the Center an amount equal to at least 2% of Center's Gross Revenues or \$10,000 per calendar year, whichever is greater. In determining if Franchisee has met this obligation, Franchisor shall only consider expenses paid for direct mail and other promotional materials which Franchisor has approved in advance in writing. Franchisee shall submit to Franchisor on a monthly basis, in a form prescribed by Franchisor, verification of its expenditures for local advertising and promotion. Franchisee shall also display in the Center such materials, signs and brochures as designated by Franchisor from time to time, including, but not limited to, prospective franchisee inquiry cards which shall be supplied to Franchisee by Franchisor.

13.5 Cooperative. Franchisor reserves the right to designate any geographical area for purposes of establishing a Cooperative, and to determine whether a Cooperative is applicable to the Center. If a Cooperative has been established applicable to the Center at the time the Franchisee commences operations hereunder, Franchisee shall immediately become a member of the Cooperative. If a Cooperative applicable to the Center is established at any later time during the term of this Agreement, Franchisee shall become a member of such Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation.

13.5.1 Each Cooperative shall be organized and governed in a form and manner, shall commence operation on a date, and shall operate pursuant to written governing documents, all of which must be approved by Franchisor in writing. The voting structure of each Cooperative shall be one vote per each franchised Center that is open and in operation.

13.5.2 Each Cooperative shall be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising.

13.5.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without the prior approval of Franchisor. All such plans and materials shall be submitted to Franchisor in accordance with the procedure set forth in Section 13.2 hereof.

13.5.4 Each Cooperative shall have the right to require its members to make ongoing contributions to the Cooperative in such amounts as are determined by the Cooperative.

13.5.5 Each member franchisee shall submit to the Cooperative, no later than the first Friday of each month for the preceding month, its contribution as provided in Section 13.5.4 hereof, together with such other statements or reports as may be required by Franchisor or by the Cooperative with Franchisor's prior approval.

13.5.6 Franchisor reserves the right to require Cooperatives to be changed, dissolved, or merged.

13.6 Discount Programs. Franchisor may, from time to time, develop, establish, and market special discount, loyalty, or free coupon programs designed to induce customers to patronize Centers, and Franchisor may require Franchisee to participate therein. Franchisor shall

notify Franchisee of the creation of all such discount, loyalty, or coupon programs and shall advise Franchisee with respect to all of the elements thereof. Franchisee shall in all respects adhere to all elements of said program; provided, however, that Franchisee may charge less than the special discounted rates required by Franchisor. Franchisor shall establish all such discount, loyalty, or coupon programs in its discretion and shall not be required to consent, consult or confer with Franchisee or any other Creative Gardens franchisee with respect to the nature, content or amount of any discount or coupon established pursuant to any such program.

13.7 Electronic Media. Franchisee specifically acknowledges and agrees that websites and social media sites will be deemed “advertising” under this Agreement, and will be subject to (among other things) Franchisor’s approval under this Section 13.

13.7.1 Franchisor may establish and maintain one or more websites, social media sites, or other electronic media, including but not limited to intranets, extranets, applications, and/or other means of electronic communication or functionality. Franchisor shall have the sole right to control all aspects of these electronic media sites, including without limitation their respective design, content, functionality, links to other sites, legal notices, and policies and terms of usage. Franchisor shall have the right to discontinue operation or use of any or all electronic media at any time with reasonable notice to Franchisee.

13.7.2 Except as approved in advance in writing by Franchisor, Franchisee shall not establish or maintain any separate Websites, social media sites, or other electronic media in connection with the Center. If such written approval is granted by Franchisor, Franchisee shall establish and operate the approved electronic media in accordance with Franchisor’s standards and policies set forth in the Manuals or otherwise in writing from time to time.

13.7.3 Franchisee shall not use any Website, social media site, or other electronic media in a manner that is offensive, inflammatory, or indecent or otherwise harms the goodwill and public image of the System and/or the Proprietary Marks.

13.7.4 Franchisor may, from time to time in its sole discretion, establish additional or different policies and standards respecting the use of Websites, social media sites, and other electronic media, and Franchisee will be required to comply with them.

13.8 Mobile Applications. Franchisor may establish or use, and may permit or require Franchisee to use, one or more mobile applications (a “**Mobile App**”) for registration, scheduling, electronic payments, or any other use in connection with the System. The term “Mobile App” shall include any application for use on smart phones, tablets, or other mobile devices, and may include a loyalty or reward program or other features. If Franchisor requires Franchisee to use a Mobile App, then Franchisee shall comply with Franchisor’s requirements (as set forth in the Manuals or otherwise in writing) for connecting to, and utilizing, such technology in connection with Franchisee’s operation of the Franchised Business.

14. INSURANCE

14.1 Minimum Insurance Requirements. Franchisee shall procure, prior to the commencement of any renovation or construction, or the opening, of the Center, and shall maintain in full force and effect at all times during the term of this Agreement, at Franchisee's expense, an insurance policy or policies protecting Franchisee and protecting and naming as additional insureds, Franchisor, and their Affiliates and their respective principals, officers, directors, shareholders, partners, members, agents and employees against any demand, claim or cause of action with respect to personal injury, death, property damage, business interruption, intentional tort or any loss, liability, cost, debt, expense or obligation whatsoever arising or occurring upon or in connection with the Franchised Business, as specified by Franchisor from time-to-time in Franchisor's discretion. Such policies shall provide "occurrence based" coverage, and expressly provide that they are primary to the Franchisor's coverage and that the insurer shall not seek contribution from any other insurance available to Franchisor. Franchisor may periodically increase the amounts of coverage required under such insurance policies and require different or additional kinds of insurance at any time, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Franchisee agrees to comply with all insurance requirements, as they may be changed over time, within 30 days after receiving written notice of any change.

Such policy or policies will: (1) be written by an insurance company that is satisfactory to Franchisor, in accordance with standards and specifications set forth in the Manuals or otherwise in writing, and which has a rating of no less than A- from the A. M. Best Company, Inc., (2) be commercially reasonable and shall be comparable to the insurance generally maintained within the child care industry, as determined by Franchisor, (3) name Franchisor and its affiliates as an additional named insured parties in each such liability policy or policies (except worker's compensation and student accident policies), (4) contain such endorsements, types and minimum amounts of coverage (including cross liability coverage), exclusions and maximum deductibles which meet minimum standards, coverages, and limits and insure Franchisee against the insurable risks as prescribed in the Manuals and as may be modified at Franchisor's discretion; and (5) provide additional insurance and types of coverage as may be required under the terms of any lease for the Franchised Business, or as may otherwise be required by the Franchisor from time to time in the Manuals or otherwise in writing.

14.2 Certificate of Insurance. Prior to the commencement of any renovation or construction, and prior to the opening, of the Center, and any time thereafter upon Franchisor's request, Franchisee shall provide Franchisor with a Certificate of Insurance reflecting that the insurance coverage is in effect, that Franchisor and its Affiliates are additional insureds on the public and product liability (if required) and automobile liability and umbrella policies, and that all insurance policies may not be changed or canceled except upon thirty (30) days' prior written notice by the insurance carrier to Franchisor. All insurance policies shall be issued by insurance companies with a financial rating of at least A- status as rated in the most recent edition of Best's Insurance Reports and must be approved by Franchisor. Franchisee shall provide Franchisor with a copy of the full policy or policies within 10 days of Franchisor's request.

14.3 Non-Waiver. Franchisee's obligation to obtain and maintain the policy or policies in the amounts specified in the Manuals shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of that obligation relieve it of liability under the indemnity provisions set forth in Section 22.3 of this Agreement.

14.4 Franchisor Entitled to Recover. All public liability and property damage policies shall contain a provision that Franchisor and its Affiliates, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to Franchisor or its Affiliates, or their respective servants, agents or employees by reason of the negligence of Franchisee or its servants, agents or employees.

14.5 Franchisor's Right to Procure Insurance. Should Franchisee, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by Franchisor in the Manuals or otherwise in writing, Franchisor shall have the right and authority (but not the obligation) to procure such insurance and to charge same to Franchisee, which charges, together with a reasonable fee for Franchisor's expenses in so acting, shall be payable by Franchisee immediately upon notice. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

15. TRANSFER OF INTEREST

15.1 Franchisor's Right to Transfer. Franchisor shall have the right to transfer or assign this Agreement and all or any part of its rights or obligations herein to any person or legal entity, and any designated assignee of Franchisor shall become solely responsible for all obligations of Franchisor under this Agreement from the date of assignment. Franchisee shall execute such documents of attornment or otherwise as Franchisor may request.

15.2 Franchisee's Conditional Right to Transfer. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Franchisor has granted this franchise in reliance on Franchisee's (or, if Franchisee is a corporation, partnership, or limited liability company, its principals') business skill, financial capacity and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, limited liability company, corporation or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge or give away (collectively, "transfer") any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent of Franchisor. Any purported assignment or transfer not having the prior written consent of Franchisor required by this Section 15.2 shall be null and void and shall constitute a material breach of this Agreement, for which Franchisor may immediately terminate without opportunity to cure pursuant to Section 17.2.6 of this Agreement.

15.3 Conditions of Transfer. Franchisee shall notify Franchisor in writing of any proposed transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business at least forty-five (45) days before such

transfer is proposed to take place. Franchisor shall not unreasonably withhold its consent to any transfer. Franchisor may, in its discretion, require any or all of the following as conditions of its approval:

15.3.1 That Franchisee or its Affiliates must be in full compliance with (a) all of the provisions of this Agreement and any amendment or successor hereto, (b) Franchisee's or its Affiliates' obligations to make timely payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement (as defined in Section 17.4); (c) the health or safety requirements under any Other Agreement; (d) the insurance requirements of any Other Agreement; and (e) all leases/subleases with any third parties; and, at the time of transfer, shall not be in default thereof;

15.3.2 That the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) demonstrate to Franchisor's satisfaction that it meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to operate the Franchised Business (as may be evidenced by prior related business experience or otherwise), and has adequate financial resources and capital to operate the Franchised Business;

15.3.3 That all of Franchisee's obligations (including all obligations of any entity affiliated with and/or related to Franchisee) hereunder to Franchisor (including any entity affiliated with and/or related to Franchisor) must be expressly assumed by the transferee;

15.3.4 That all of Franchisee's accrued monetary obligations and all other outstanding obligations to Franchisor and its Affiliates have been fully satisfied, all obligations to third parties arising out of the operation of the Center have been satisfied or assumed by the transferee, and the Center and its operations must have been brought into full compliance with the specifications and standards then applicable for new and/or renewing Centers, including, without limitation, a full upgrade to the same first-class condition as a new Center; installation of new equipment, furniture, furnishings, tenant improvements, décor package, signage, and computer hardware and software; compliance with all then-current standards for facility design, plus such renovation and modernization of the Center as Franchisor may require to reflect the then-current standards and image of the System, all at Franchisee's (or the transferee's) sole expense;

15.3.5 That the transferee and its personnel (at Franchisor's option) must successfully complete (prior to the transfer) Franchisor's initial training program to Franchisor's satisfaction; Franchisee agrees the transfer fee is non-refundable even in the event the transferee does not successfully complete Franchisor's initial training program to Franchisor's satisfaction;

15.3.6 That the transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

15.3.7 That Franchisee remain liable for all of the obligations to Franchisor in connection with the Franchised Business which arose prior to the effective date of the transfer and execute any and all instruments reasonably requested by Franchisor to evidence such liability;

15.3.8 To the extent required by the terms of any leases or other agreements, that the lessors or other parties whose consent is required must have consented to the proposed transfer;

15.3.9 That (1) (a) the transferee (and, if the transferee is other than an individual, all owners of the transferee as Franchisor may request) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement, or (b) the transferee execute, for a term ending on the expiration date of this Agreement and with such renewal term(s) as may be provided by this Agreement, the Franchisor's then-current form of Creative Gardens Center Franchise Agreement and other ancillary agreements as Franchisor may require for the Franchised Business, which agreements shall supersede this Agreement in all respects, and the economic and other terms of which may differ from the terms of this Agreement including, without limitation, a higher royalty fee and marketing contribution and a different or smaller Territory (depending on changes to the demographics of the Territory), except that the transferee shall not be required to pay any initial franchise fee; and (2) such principals of the transferee as Franchisor requires shall guarantee the performance of all such obligations in writing in a form satisfactory to Franchisor;

15.3.10 That the transferor and its principals shall have executed a general release, in a form required by Franchisor, of any and all claims against Franchisor and its Affiliates, and their respective officers, directors, agents, shareholders, and employees;

15.3.11 That Franchisee or the transferee pays to Franchisor a non-refundable transfer fee which shall be fully earned by Franchisor when paid and shall be in an amount equal to forty percent (40%) of the per-site initial franchise fee then being charged to new franchisees (or, if no franchises are then being offered, the initial franchise fee most recently charged); provided however, (a) if the transfer is to an existing Creative Gardens franchisee, the transfer fee shall be in an amount equal to ten percent (10%) of the per-site initial franchise fee(s) then being charged existing Creative Gardens franchisees (or, if no franchises are then being offered, the initial franchise fee most recently charged) for the number of sites being transferred; and (b) if more than one site is being transferred in the same transaction to the same transferee (who is not an existing Creative Gardens franchisee), the transfer fee for each additional site shall be discounted to the following percentages of the per-site initial franchise fee(s) then being charged Creative Gardens franchisees (or, if no franchises are then being offered, the initial franchise fee most recently charged) for the number of sites being transferred: thirty percent (30%) for the second site being transferred, twenty-five percent (25%) for the third site being transferred, and twenty percent (20%) for the fourth site and each additional site being transferred. (For example, if Franchisee is transferring four sites to the same transferee in the same transaction, the transfer fee would be the sum of: forty percent (40%) of the then-current initial franchise fee being charged Creative Gardens franchisees for the first site, plus thirty percent (30%) of the then-current initial franchise fee being charged Creative Gardens franchisees for the second site, plus twenty-five percent (25%) of the then-current initial franchise fee for Creative Gardens franchisees for the third site, plus twenty percent (20%) of the then-current initial franchise fee for Creative Gardens franchisees for the fourth site.); and (c) in the case of a transfer to a corporation or limited liability company formed by Franchisee for the convenience of ownership (as determined by Franchisor in its discretion), no such transfer fee shall be required. The transfer fee is due upon Franchisor's receipt of the fully executed release and franchise agreement between the transferee and Franchisor;

15.3.12 If transferee finances any portion of the total purchase price, that transferee expressly, in writing, subordinates all third-party interests in the Franchised Business to the interests of Franchisor; and

15.3.13 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises.

15.4 No Security Interest. Franchisee shall not grant a security interest in the Franchised Business or in any of the assets of the Franchised Business unless the secured party agrees that in the event of any default by Franchisee under any documents related to the security interest, Franchisor shall have the right and option (but not the obligation) to be substituted as obligor to the secured party and to cure any default of Franchisee, and, in the event Franchisor exercises such option, any acceleration of indebtedness due to Franchisee's default shall be void.

15.5 Death or Disability. On Franchisee's death or permanent disability or, if the Franchisee is a corporation, partnership, or limited liability company, on the death or permanent disability of the owner of a controlling interest in the Franchisee, the executor, administrator, conservator, guardian or other personal representative of such person will transfer his or her interest in this Agreement and the Franchised Business, or such interest in Franchisee, to a third party subject to Franchisor's consent and all of the provisions of this Agreement with respect to a transfer and possible exercise of Franchisor's right-of-first-refusal. Such disposition of this Agreement and the Franchised Business, or such interest in Franchisee (including, without limitation, transfer by bequest or inheritance), will be completed within a reasonable time, not to exceed six (6) months from the date of death or permanent disability and will be subject to all the terms and conditions applicable to inter vivos transfers contained in this Agreement. Failure to so transfer the interest in this Agreement and the Franchised Business, or such interest in Franchisee, within said period of time will constitute a breach of this Agreement. Franchisee shall be deemed to have a "permanent disability" if Franchisee's personal, active participation in management of the Center is for any reason curtailed for a continuous period of six (6) months.

15.6 Right of First Refusal. If any party holding any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business desires to accept any bona fide offer from a third party to purchase such interest, Franchisee shall notify Franchisor in writing forty-five (45) days before accepting such offer, and shall provide such information and documentation relating to the offer as Franchisor may require. Franchisor or a buyer approved by Franchisor shall have the right and option, exercisable within thirty (30) days after receipt of such written notification, to send written notice to the seller that Franchisor or a buyer approved by Franchisor intends to purchase the seller's interest on the same terms and conditions offered by the third party. If Franchisor or a buyer approved by Franchisor elects to purchase the seller's interest, closing on such purchase shall occur within sixty (60) days from the date of notice to the seller of the election to purchase by Franchisor. If Franchisor or any buyer approved by Franchisor elects not to purchase the seller's interest, any material change thereafter in the terms of the offer from a third party shall constitute a new offer subject to the same rights of first refusal by Franchisor or a buyer approved by Franchisor as in the case of the third party's initial offer. Failure of Franchisor or a buyer approved by Franchisor to exercise the option afforded by this Section 15.6 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section 15, with respect to a proposed

transfer. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor or a buyer approved by Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor or a buyer approved by Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor's expense, and the appraiser's determination shall be binding.

15.7 Non-Waiver. Franchisor's consent to a transfer of any interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

16. DELETED

17. DEFAULT AND TERMINATION

17.1 Automatic Termination. Franchisee shall be deemed to be in default under this Agreement, and all rights granted to Franchisee herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by Franchisee or such a petition is filed against and not opposed by Franchisee; if Franchisee is adjudicated bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee's business or assets is filed and consented to by Franchisee; if a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); if Franchisee is dissolved; if execution is levied against Franchisee's business or property; if suit to foreclose any lien or mortgage against the premises of the Franchised Business is instituted against Franchisee and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.2 Notice Without Opportunity to Cure. Upon the occurrence of any of the following events of default, Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon the date of the written notice of termination to Franchisee (in the manner provided under Section 25 hereof):

17.2.1 If Franchisee fails to construct and open the Franchised Business within the time limits provided in Section 6.3 hereof;

17.2.2 If Franchisee or Franchisee's personnel fail to complete the initial training program described in Section 7.1 hereof to Franchisor's satisfaction;

17.2.3 If Franchisee at any time ceases to operate or otherwise abandons the

Franchised Business for more than five (5) calendar days, or loses the right to possession of the premises of the Franchised Business without having found another Approved Location, or otherwise forfeits the right to do or transact business in the jurisdiction where the Franchised Business is located. However, if, through no fault of Franchisee, the premises of the Franchised Business are damaged or destroyed by an event such that repairs or reconstruction cannot be completed within sixty (60) days thereafter, then Franchisee shall have thirty (30) days after such event in which to apply for Franchisor's approval to relocate and/or reconstruct the premises of the Franchised Business, which approval shall not be unreasonably withheld;

17.2.4 If Franchisee or any of its owners has made any material misrepresentation or omission in Franchisee's application for the Franchised Business, including without limitation failure to disclose any prior litigation or criminal convictions (other than minor traffic offenses);

17.2.5 If Franchisee or any of its owners is convicted by a trial court of or pleads no contest to a felony, or to any crime or offense that may adversely affect the reputation of Franchisee or any owner or the Center or the goodwill associated with the Proprietary Marks or engages in any misconduct which unfavorably affects the reputation of Franchisee or any owner or the Center, Franchisor or the goodwill associated with the Proprietary Marks or System (including, but not limited to, child abuse or other mistreatment, health or safety hazards, drug or alcohol problems, or allowing unlawful activities or unauthorized or illegal items to be used or distributed at the Approved Location);

17.2.6 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business is made to any third party without Franchisor's prior written consent or otherwise contrary to the terms of Section 15 hereof;

17.2.7 If an approved transfer is not effected within the time provided following death or disability, as required by Section 15.5 hereof;

17.2.8 If Franchisee fails to comply with the covenants in Section 19.2.1 or 19.2.3 hereof or fails to obtain execution of the covenants required under Section 11.2 hereof;

17.2.9 If, contrary to the terms of Sections 10 or 11 hereof, Franchisee discloses or divulges the contents of the Manuals or other confidential information provided to Franchisee by Franchisor;

17.2.10 If Franchisee or any of its owners, or any Affiliate of Franchisee, or any Franchisee Affiliate's owners make any misrepresentation to Franchisor or any Affiliate, including (but not limited to) any misrepresentation of Gross Receipts or any amounts due Franchisor or any Affiliate, or commit any other act or omission constituting fraud, misrepresentation or similar act or omission, whether with respect to Franchisor or its Affiliates;

17.2.11 If there are three (3) or more significant (as determined by Franchisor in its reasonable discretion) customer complaints with respect to the Center in any six-month period or five (5) or more significant (as determined by Franchisor in its reasonable discretion) customer complaints with respect to the Center in any twelve-month period, whether or not resolved;

17.2.12 If Franchisee fails to comply with Franchisor's "terms of use" and/or adhere to Franchisor's privacy policies or any applicable privacy laws (and/or any other requirements) regarding all computer and other systems, Internet use, and marketing;

17.2.13 If Franchisee refuses to permit Franchisor to inspect the Franchised Business premises, or the books, records or accounts of Franchisee upon demand as described in Section 12 hereof;

17.2.14 If Franchisee misuses or makes any unauthorized use of the Proprietary Marks or any other identifying characteristics of the System, or otherwise significantly impairs, as Franchisor determines in its reasonable discretion, the goodwill associated therewith or Franchisor's rights therein;

17.2.15 If Franchisee defaults on three (3) or more separate occasions within any twelve-month period, or on four (4) or more separate occasions within any twenty-four-month period, (a) in any obligation(s) (whether the same or different) under this Agreement, (b) in any obligation under any Other Agreement (as defined in Section 17.4) provided such default under such Other Agreement constitutes one of the following defaults: (i) Franchisee's or its Affiliate's obligations to make payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement when due; (ii) the health or safety requirements under an Other Agreement; or (iii) the insurance requirements of any Other Agreement, whether or not such defaults are timely cured; or

17.2.16 If Franchisee fails to respond to Franchisor's communication (whether via electronic system, mail or phone) attempts for thirty (30) days or more.

17.3 Notice With Opportunity to Cure. Except as otherwise provided in Sections 17.1 and 17.2 of this Agreement, upon any other default by Franchisee, Franchisor may terminate this Agreement by giving written notice of termination (in the manner set forth under Section 25 hereof) stating the nature of the default to Franchisee at least thirty (30) days (unless otherwise specified) prior to the effective date of termination; provided, however, that Franchisee may avoid termination by curing it to Franchisor's satisfaction, and by promptly providing proof thereof to Franchisor within the applicable cure period. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Franchisee, effective immediately upon the expiration of the applicable cure period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder include the following illustrative events:

17.3.1 If Franchisee fails to substantially comply with any of the requirements imposed by this Agreement, as it may from time to time reasonably be supplemented by the Manuals, or failure to carry out the terms of this Agreement in good faith;

17.3.2 If Franchisee fails to report accurately and in a timely manner the Gross Receipts according to Franchisor's standards of the Center or fails to make payments of any amounts due to Franchisor or any Affiliate of Franchisor when due and does not correct such failure within ten (10) calendar days after written notice is delivered to Franchisee;

17.3.3 If Franchisee fails to maintain the insurance required by this Agreement and does not correct such failure within five (5) calendar days after written notice is delivered to Franchisee;

17.3.4 Except as provided in Section 17.2.6 hereof, if Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

17.3.5 If Franchisee engages in any business or markets any service or product under a name or mark which, in Franchisor's opinion, is confusingly similar to the Proprietary Marks;

17.3.6 If Franchisee fails to remain current in its payment obligations to taxing authorities, landlords, equipment lessors, suppliers, creditors or others and does not correct such failure within ten (10) calendar days after written notice is mailed to Franchisee; or

17.3.7 If Franchisee has failed to retain any records required under Section 12 hereof or which are otherwise required for Franchisor to confirm Franchisee's compliance with the provisions of this Agreement or any other agreement between Franchisor and Franchisee.

17.4 Cross Default. Any material default by Franchisee or any of its Affiliates under any other agreement between Franchisor or any of its Affiliates as one party and Franchisee or any of its Affiliates as the other party (including, but not limited to, a franchise agreement, development agreement, lease, sublease, or loan agreement) ("**Other Agreement**") shall be deemed to be a material default of this Agreement, and Franchisor shall have the right, at its option, to terminate this Agreement, effective immediately upon notice to Franchisee. A material default shall include, but is not limited to: (a) the failure to make payments of any amounts due to Franchisor or any Affiliate of Franchisor under any Other Agreement when due; (b) a default of any Other Agreement for health or safety reasons; or (c) a failure to maintain the insurance required by any Other Agreement.

17.5 Extended Cure Period. Notwithstanding anything contained herein to the contrary, where Franchisor has the right to terminate this Agreement, Franchisor shall have the right, to be exercised in its discretion, to grant to Franchisee an extended period of time to cure the breach which gave rise to Franchisor's right to terminate. Franchisee acknowledges that Franchisor's election to grant such an extended cure period to Franchisee shall not operate as a waiver of any of Franchisor's rights hereunder and that, in consideration for such an extension, Franchisee shall execute a general release, in a form prescribed by Franchisor, and, if Franchisee fails to execute such release, the grant of such an extension will, in itself, constitute such a release. Franchisee acknowledges that any extension of a cure period will be granted only in the form of a writing from Franchisor.

17.6 Suspension of Products, Services or Benefits. If Franchisor issues a notice of default to Franchisee, Franchisor and each of its Affiliates shall have the right, in addition to Franchisor's other rights and remedies, (a) to discontinue selling and/or providing any products and/or services to Franchisee until Franchisee has cured all defaults, and Franchisor and its Affiliates may cease providing such items to Franchisee; and/or (b) to deny access to any and all

programs and/or materials created by, and benefits of, the Brand Fund until such defaults have been cured.

18. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement or Franchisee abandoning the Franchised Business, all rights granted hereunder to Franchisee shall forthwith terminate, and:

18.1 Cease Operations. Franchisee shall immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor.

18.2 Cease Use of Confidential Information and Proprietary Marks. Franchisee shall immediately and permanently cease to use, in any manner whatsoever, the confidential information described in Section 11.1 above, any confidential methods, procedures and techniques associated with the System; the Proprietary Marks and all other distinctive forms, slogans, signs, symbols, devices, advertising materials, displays, stationery, forms, products and any other articles which display the Proprietary Marks.

18.3 Cancellation of Registrations. Franchisee shall take such action as may be necessary to cancel any assumed name registration or equivalent registration obtained by Franchisee which contains the mark "Creative Gardens" or any other Proprietary Marks, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 Assignment of Lease. Franchisee shall, at Franchisor's option, assign to Franchisor any interest which Franchisee has in any lease or sublease for the Franchised Business premises. In the event Franchisor does not elect to exercise its option to acquire the lease or sublease for the Franchised Business premises, Franchisee shall make such modifications or alterations to the premises (including, without limitation, the changing of, and the assigning to Franchisor of, the telephone number, facsimile number and e-mail address) immediately upon termination or expiration of this Agreement as may be necessary to distinguish the appearance of the premises from that of the Franchised Business under the System, and shall make such specific additional changes thereto as Franchisor may reasonably request for that purpose. In the event Franchisee fails or refuses to comply with the requirements of this Section 18.4, Franchisor shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee agrees to pay upon demand.

18.5 Subsequent Use of Proprietary Marks Prohibited. Franchisee agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which, in Franchisor's discretion, is likely to cause confusion, mistake or deception, or which, in Franchisor's discretion, is likely to dilute Franchisor's rights in and to the Proprietary Marks. Franchisee further agrees not to utilize any designation of origin, description or representation (including but not limited to reference to the Franchisor, the System or the Proprietary Marks) which, in Franchisor's

discretion, suggests or represents a present or former association or connection with Franchisor, the System or the Proprietary Marks.

18.6 Payment. Franchisee shall immediately pay all sums owing to Franchisor and its Affiliates. In the event of termination for any default of Franchisee, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid-in-full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures, and inventory owned by Franchisee and on the premises operated hereunder at the time of default.

18.7 Return Franchisor Materials. Franchisee shall immediately deliver to Franchisor the Manuals, all customer lists and information, all software, tapes and CDs provided by Franchisor, and all other records, correspondence and instructions containing confidential information relating to the operation of the Franchised Business (and any copies thereof, even if such copies were made in violation of this Agreement), all of which are acknowledged to be the property of Franchisor. Franchisee shall not retain a copy or record of any of the foregoing, with the exception of Franchisee's copy of this Agreement, any correspondence between the parties and any other documents which Franchisee reasonably needs for compliance with any provision of law.

18.8 Deleted.

18.9 Electronic Media. Franchisee shall cease use of any Website, social media site, domain name, URL, or home page address containing any of the Proprietary Marks or used in connection with the Center, and shall not establish any such electronic media presence using any similar domain name, URL, and/or home page address.

18.10 Compliance With Covenants. Franchisee shall comply with the covenants contained in Sections 11.1 and 19.3 of this Agreement.

18.11 General Release. In Franchisor's discretion, in any case where Franchisee has committed a default under this Agreement, any lease/sublease and/or otherwise which would allow Franchisor to terminate Franchisee's rights, Franchisor may (but is not required to) waive Franchisor's rights to collect any royalties, advertising contributions and/or other amounts which would have become due if Franchisee had continued in operation as a Creative Gardens franchisee, and Franchisee shall, in consideration for such waiver, execute a general release, in a form prescribed by Franchisor. This option may be exercised by Franchisor at any time, including before, at the same time as, or after termination or expiration of this Agreement, and whether or not Franchisee or Franchisor has made any claims, or begun any proceedings, against the other or anyone else.

19. COVENANTS

19.1 Best Efforts. Franchisee covenants that, during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, a principal, general partner or member having signing

authority on behalf of Franchisee and who is approved by Franchisor) shall devote full time and best efforts to the management and operation of the Franchised Business, and shall not engage in any other outside activities which will interfere with the performance of the duties required of Franchisee hereunder.

19.2 In-Term Covenants. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable, specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of Franchisor and the System. Franchisee covenants that during the term of this Agreement, except as otherwise approved in writing by Franchisor, Franchisee shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity:

19.2.1 Divert or attempt to divert any present or prospective business or customer of any Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

19.2.2 Own, maintain, operate, engage in, be employed by, provide any services or assistance to, finance, or have any interest in (as owner or otherwise) any Similar Business located anywhere.

19.3 Post-Term Covenants. Franchisee covenants that, except as otherwise approved in writing by Franchisor, Franchisee shall not, for a continuous uninterrupted period of five (5) years commencing upon the later of: (a) a transfer permitted under Section 15 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); (d) a final order of a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing or with respect to enforcement of this Section 19.3; or (e) any or all of the foregoing; either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person or legal entity, own, maintain, operate, engage in, be employed by, provide services or assistance to, finance, or have any interest in (as owner or otherwise) any Similar Business which is, or is intended to be, located at or within:

19.3.1 The Territory;

19.3.2 Forty (40) miles of the Approved Location; or

19.3.3 Forty (40) miles of any business operating under the Proprietary Marks.

However, Sections 19.2.3 and this Section 19.3 shall not apply to the operation by Franchisee of any business under the System which is franchised by Franchisor to Franchisee under an effective Franchise Agreement.

19.4 No Application to Equity Securities. Sections 19.2.2 and 19.3 shall not apply to ownership by Franchisee of a less than three percent (3%) beneficial interest in the outstanding equity securities of any corporation which has securities registered under the Securities Exchange Act of 1934.

19.5 Reduction of Scope of Covenants. Franchisee understands and acknowledges that Franchisor shall have the right, in its discretion, to reduce the scope of any covenant set forth in Sections 19.2 and 19.3, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof; and Franchisee agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 26 hereof.

19.6 No Defense. Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section 19.

19.7 Independent Covenants. The parties agree that each of the foregoing covenants in this Section 19 shall be construed as independent of any other covenant or provision of this Agreement. Franchisee acknowledges and agrees that California Business and Professions Code Section 16600 (and any related California law) shall not apply to the foregoing covenants for any Approved Location located outside of California. If all or any portion of a covenant in this Section 19 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which Franchisor is a party, Franchisee expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty on Franchisee permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 19.

19.8 Irreparable Injury. Franchisee acknowledges that Franchisee's violation of any of the terms of this Section 19 would result in irreparable injury to Franchisor for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Section 19.

20. CORPORATE, PARTNERSHIP OR LIMITED LIABILITY COMPANY FRANCHISEE

20.1 Corporate Franchisee. If Franchisee is a corporation, Franchisee shall comply with the following requirements:

20.1.1 Franchisee shall be newly organized and its charter shall at all times provide that its activities are confined exclusively to operating the Franchised Business.

20.1.2 Copies of Franchisee's Articles of Incorporation (copy of the filed, stamped), Bylaws and other governing documents, and any amendments thereto, including the resolution of the Board of Directors authorizing entry into this Agreement, shall be promptly furnished to Franchisor upon Franchisor's request (which can be at any time during the term of this Agreement).

20.1.3 Franchisee shall maintain stop-transfer instructions against the transfer on its records of any equity securities; and each stock certificate of Franchisee shall have conspicuously endorsed upon its face a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon assignments by this Agreement.

20.1.4 Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities or securities convertible into voting securities of Franchisee and shall furnish the list to Franchisor upon request.

20.2 Partnership Franchisee. If Franchisee or any successor to or assignee of Franchisee is a partnership, it shall comply with the following requirements:

20.2.1 Franchisee shall furnish Franchisor with a copy of its fully executed partnership agreement as well as such other documents as Franchisor may reasonably request at any time in Franchisor's discretion, and any amendments thereto.

20.2.2 The partnership agreement shall at all times note conspicuously that partnership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.

20.2.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all general and limited partners in Franchisee and their home addresses.

20.3 Limited Liability Company Franchisee. If Franchisee or any successor to or assignee of Franchisee is a limited liability company, it shall comply with the following requirements:

20.3.1 Franchisee shall furnish Franchisor with a copy of its filed, stamped articles of organization and operating agreement as well as such other documents as Franchisor may reasonably request at any time in Franchisor's discretion, and any amendments thereto.

20.3.2 The articles of organization or operating agreement shall at all times note conspicuously that membership rights are held subject to, and that further assignment or transfer thereof are subject to, all restrictions imposed upon assignments by the Franchise Agreement.

20.3.3 Franchisee shall prepare and furnish to Franchisor, upon request, a list of all members in Franchisee and their home addresses.

20.4 Number of Owners. If Franchisee is a corporation, partnership or limited liability company, there shall never be more than four owners with ownership, partnership or membership interests in Franchisee (married couples and family trusts to be considered together as one for these purposes).

20.5 Guarantee and Indemnification. If Franchisee is a corporation, partnership, limited liability company, or any other form of entity, or if any successor to or assignee of Franchisee is a corporation, partnership, limited liability company, or other form of entity, then all of the principals thereto shall execute a Guarantee, Indemnification, and Acknowledgment in the form attached hereto as Exhibit C.

21. TAXES, PERMITS, AND INDEBTEDNESS

21.1 Payment of Taxes. Franchisee shall promptly pay when due all taxes levied or assessed, including, without limitation, employer's portion of employment-related taxes (FICA,

Medicare and unemployment taxes) and sales taxes, and all accounts and other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any state or local taxes, including, without limitation, sales, use, service, occupation, employment related, excise, gross receipts, income, property or other taxes, that may be imposed on Franchisor as a result of Franchisor's receipt or accrual of the initial franchise fee, royalty fees, advertising fees, renewal fees, and all other fees that are referenced in this Agreement, whether assessed against Franchisee through withholding or other means or whether paid by Franchisor directly, unless the tax is credited against income tax otherwise payable by Franchisor. In such event, Franchisee shall pay to Franchisor (or to the appropriate governmental authority) such additional amounts as are necessary to provide Franchisor, after taking such taxes into account (including any additional taxes imposed on such additional amounts), with the same amounts that Franchisor would have received or accrued had such withholding or other payment, whether by Franchisee or by Franchisor, not been required.

21.2 Contesting Taxes. In the event of any bona fide dispute as to Franchisee's liability for taxes assessed or other indebtedness, Franchisee may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law, but in no event shall Franchisee permit a tax sale or seizure by levy or execution or similar writ or warrant, or attachment by a creditor, to occur against the Franchised Business, the premises of the Franchised Business, or any improvements thereon.

21.3 Permits and Licenses. Franchisee shall comply with all federal, state, and local laws, rules, ordinance, codes, and regulations (including, without limitation, the applicable provisions of the ADA regarding the construction, design and operation of the Franchised Business), and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, health permits, building permits, handicap permits and fire clearances.

21.4 Notification of Adverse Action. Franchisee shall immediately notify Franchisor in writing of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

22. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

22.1 Independent Contractor. Franchisor and Franchisee agree that this Agreement does not create a fiduciary relationship between them, that Franchisee shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, joint employer, partner, employee, or servant of the other for any purpose whatsoever. Franchisee acknowledges and agrees that Franchisor's usual business is the offering and selling rights to operate Centers using the Proprietary Marks and System, developing enhancements to the System, and providing assistance to Creative Gardens franchisees, and, accordingly, Franchisor's usual business is different from Franchisee's usual business of operating a retail Center. During the term of this Agreement, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise agreement with Franchisor. Franchisee agrees to take such action as may be

necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place at the premises of the Franchised Business, the content of which Franchisor reserves the right to specify. Notwithstanding any other provision of this Agreement, Franchisor and Franchisee acknowledge and agree that Franchisee is solely responsible for all personnel and employment decisions relating to the Franchised Business.

22.2 No Authority to Contract. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Franchisor's behalf, or to incur any debt or other obligation in Franchisor's name; and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall Franchisor be liable by reason of any act or omission of Franchisee in its operation of the business franchised hereunder or for any claim or judgment arising therefrom against Franchisee or Franchisor.

22.3 Indemnification. Franchisee shall indemnify, defend, and hold Franchisor and its Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees harmless, against any and all claims, losses, lawsuits, liens, demands, costs, expenses, liabilities and damages arising directly or indirectly from, as a result of, or in connection with Franchisee's operation of the Franchised Business and/or Franchisee's and/or its Affiliates' and their respective partners', shareholders', officers', directors', agents', attorneys', accountants' and employees' unauthorized use of the Proprietary Marks or Manuals. Franchisee shall reimburse Franchisor and its Affiliates, and their respective partners, shareholders, officers, directors, agents, attorneys, accountants and employees for any expenses or costs any such party incurs as the result of a claim covered by the Franchisee's indemnification obligation.

23. APPROVALS AND WAIVERS

23.1 Approval and Consent. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefor, and such approval or consent must be obtained in writing. In no event shall Franchisee make any claim, whether directly, by way of set-off, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of consent or approval by Franchisor. Unless otherwise expressly provided in this Agreement, approvals and consents may be withheld by Franchisor in Franchisor's sole and absolute discretion.

23.2 No Warranties or Guarantees. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement and/or the Franchised Business, or by reason of any neglect, delay or denial of any request therefor, provided that Franchisee may rely on the disclosures set forth in Franchisor's most recent Franchise Disclosure Document provided to Franchisee.

23.3 No Waiver. No failure of Franchisor to exercise any power reserved to it by this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with any of the terms hereof. Waiver by Franchisor of any particular default of Franchisee shall not affect or impair Franchisor's rights with respect to any subsequent default of the same, similar, or different nature; nor shall

any delay, force, or omission of Franchisor to exercise any power or right arising out of any breach of default by Franchisee of any of the terms, provisions, or covenants hereof, affect or impair Franchisor's right to exercise the same, nor shall such constitute a waiver by Franchisor of any right hereunder, or the right to declare any subsequent breach or default and to terminate this Agreement prior to the expiration of its term. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

23.4 Force Majeure. Neither Franchisor, Franchisor's Affiliates, nor Franchisee shall be responsible or liable for any delays in the performance of any duties under this Agreement to the extent such are not the fault or within the reasonable control of that party including, but not limited to, the inability of Franchisor or its Affiliates to manufacture or distribute equipment or products, fire, flood, natural disasters, acts of God, delays in deliveries, governmental acts or orders, late deliveries of products or furnishing of services by third party vendors, civil disorders, or strikes and any other labor-related disruption, and in any event said time period for the performance of an obligation hereunder shall be extended for the amount of time of the delay or impossibility. Provided, however, this clause shall not apply to and not result in an extension of: (1) the time for payments to be made by Franchisee as required by Section 5.4 hereof; or (2) the term of this Agreement.

24. GRANT OF SECURITY INTEREST

As security for the payment of all amounts from time to time owing by Franchisee to Franchisor under this Agreement and all other agreements between the parties, and performance of all obligations to be performed by Franchisee, Franchisee hereby grants to Franchisor a security interest in all of the assets of Franchisee, including, without limitation, all equipment, furniture, fixtures, and building and road signs, as well as all proceeds of the foregoing (the "**Collateral**"). Franchisee warrants and represents that the security interest granted hereby is prior to all other security interests in the Collateral except bona fide purchase money security interests, if any. Franchisee agrees not to remove the Collateral, or any portion thereof, from the Approved Location without the prior written consent of Franchisor. Upon the occurrence of any event entitling Franchisor to terminate this Agreement or any other agreement between the parties, Franchisor shall have all the rights and remedies of a secured party under the Uniform Commercial Code of the State in which the Franchised Business is located, including, without limitation, the right to take possession of the Collateral. Franchisee agrees to execute and deliver to Franchisor financing statements or such other documents as Franchisor reasonably deems necessary to perfect Franchisor's interest in the Collateral within ten (10) days of receipt by Franchisee of such documents from Franchisor. Any notices delivered or mailed in accordance with Section 25 hereof at least thirty (30) days prior to disposition of the Collateral, or any portion thereof, and, in reference to a private sale, need state only that Franchisee intends to negotiate such a sale.

25. NOTICES

All written notices and reports permitted or required to be delivered by the provisions of this Agreement or of the Manuals will be deemed so delivered at the time delivered by hand, one (1) business day after being placed in the hands of a commercial courier service for overnight delivery, two (2) business days after being placed in the hands of a commercial courier service for

second 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 addressed to Franchisor at CREATIVE GARDENS DE LLC, 8 The Green Suite A, Dover, DE 19901 or (Franchisor's then-current headquarters), to the attention of the President, with a copy to the Legal Department at the same address, and to Franchisee at the Approved Location and/or any address appearing in Franchisee's application for a franchise or in Franchisor's records. All payments and reports required by this Agreement will be directed to Franchisor at Franchisor's address as specified above. Any required payment or report not actually received by Franchisor during regular business hours on the date due will be deemed delinquent. Notice to Franchisee, or to any owner of Franchisee, shall be deemed effective as to all Franchisees and owners of the Franchisee.

26. ENTIRE AGREEMENT

This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified or supplemented except by means of a written agreement signed by both Franchisee and Franchisor's President or one of its Vice Presidents, provided that changes to the Manuals and covenants may be made by Franchisor at any time and will be fully binding on Franchisee notwithstanding any provisions of this Section 26 or otherwise. No other officer, field representative, salesperson or other person has the right or authority to sign on behalf of Franchisor, to make oral or written modifications to this Agreement, or to make any representations or agreements on behalf of Franchisor, and any such modifications, representations and/or agreements shall not be binding on Franchisor. Franchisee expressly acknowledges that no oral promises, representations or declarations were made to or relied on by Franchisee and that Franchisor's obligations are confined exclusively to the terms herein. Franchisee understands and assumes the business risks inherent in the Franchised Business. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations made in Franchisor's Franchise Disclosure Document.

27. SEVERABILITY AND CONSTRUCTION

27.1 Severability. Except as otherwise stated in this Agreement, each provision of this Agreement, and any portion of any provision, is severable (including, but not limited to, any provision related to dispute resolution), and the remainder of this Agreement will continue in full force and effect. To the extent that any provision is deemed unenforceable, Franchisee and Franchisor agree that such provisions will be enforced to the fullest extent permissible under governing law. Franchisor may modify any invalid or unenforceable provision to the extent required to be valid and enforceable and Franchisee will be bound by the modified provisions.

27.2 Survival. Any provision or covenant in this Agreement which expressly or by its nature imposes obligations beyond the expiration, termination or assignment of this Agreement (regardless of cause for termination), shall survive such expiration, termination or assignment, including but not limited to Sections 11, 19, 22.3, and 28.

27.3 No Rights or Remedies Conferred. Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisee, Franchisor, Franchisor's officers, directors, shareholders,

agents, and employees, and such of Franchisor's successors and assigns as may be contemplated by Section 15 hereof, any rights or remedies under or by reason of this Agreement.

27.4 Promises and Covenants. Franchisee expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which Franchisor is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

27.5 Captions and Headings. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

28. APPLICABLE LAW AND DISPUTE RESOLUTION

28.1 Applicable Law. This Agreement shall be interpreted, construed and governed exclusively under the laws of the state in which the Franchised Business is located, without regard to the application of such state's conflict-of-law rules; provided, however, that no state's franchise registration, disclosure, or relationship law shall be applicable unless the jurisdictional requirements of that law are met.

28.2 Mediation. Except as otherwise provided herein, if a dispute arises out of or relates to this Agreement, the breach hereof, the rights and obligations of the parties hereto, or the making, interpretation, or performance of either party under this Agreement, the parties agree first to try in good faith to settle the dispute by mediation administered by JAMS (or any successor organization) in accordance with its franchise mediation rules before resorting to litigation or some other dispute resolution procedure. Such mediation shall take place before a sole mediator where Franchisor has its principal place of business at such time. The parties shall each bear all of their own costs of mediation; provided, however, the fees of the mediator shall be divided equally between Franchisor and Franchisee. The parties hereto agree that mediation shall not be required with respect to: (a) any claim or dispute involving less than Fifty Thousand Dollars (\$50,000); (b) any claim or dispute involving actual or threatened disclosure or misuse of Franchisor's confidential information; (c) any claim or dispute involving the ownership, validity, or use of the Proprietary Marks; (d) any claim or dispute involving the insurance or indemnification provisions of this Agreement; or (e) any action by Franchisor to enforce the covenants set forth in Section 19 of this Agreement.

28.3 Jurisdiction and Venue. Except as described in Sections 28.2 and 28.7 hereof, any action, whether or not arising out of, or relating to, this Agreement shall be brought exclusively in the judicial district in which Franchisor has, at the time of commencement of such action, its principal place of business. Franchisee hereby waives all objections to personal jurisdiction or venue for purposes of this Section 28.3 and agrees that nothing in this Section 28.3 shall be deemed to prevent Franchisor from removing an action from state court to federal court.

28.4 No Exclusivity. No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

28.5 Notice of Claim. Prior to Franchisee taking any legal or other action against Franchisor, its Affiliates, or their respective partners, shareholders, officers, directors, agents, attorneys, accountants, or employees, whether for damages, injunctive, equitable or other relief (including but not limited to rescission), Franchisee will first give Franchisor thirty (30) days prior written notice and opportunity to cure such alleged act or omission (or, if such alleged act or omission cannot reasonably be cured within such thirty (30) day period, and Franchisor is diligently continuing efforts to attempt to cure such alleged act or omission, such additional time as Franchisor is continuing such efforts); provided that any dispute regarding Franchisor's withholding consent with respect to a proposed transfer by Franchisee may be immediately submitted to mediation as provided in Section 28.2 above.

28.6 Waiver of Punitive Damages. Franchisor and Franchisee hereby waive to the fullest extent permitted by law any right to or claim of any punitive or exemplary damages against the other and agree that in the event of a dispute between them, each shall be limited to the recovery of any actual damages sustained by it.

28.7 Injunctive Relief. Nothing contained herein, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions, shall bar Franchisor's right to obtain injunctive relief from a court of competent jurisdiction (without any requirement for Franchisor to post a bond) with respect to claims relating to (a) any disclosure or threatened disclosure of Franchisor's confidential information, (b) any violation or threatened violation of Franchisor's rights in and to Franchisor's intellectual and/or proprietary property, including, but not limited to, the Manuals and Proprietary Marks, or (c) any violation or threatened violation of Sections 19.2 and 19.3 of this Agreement.

28.8 NO CLASS ACTIONS OR JURY TRIALS

NEITHER FRANCHISEE NOR FRANCHISOR SHALL SEEK TO LITIGATE AGAINST THE OTHER PARTY TO THIS AGREEMENT OR SUCH PARTY'S AFFILIATES, EITHER AS A REPRESENTATIVE OF, OR ON BEHALF OF, ANY OTHER PERSON, CLASS, OR ENTITY ANY DISPUTE, CONTROVERSY, OR CLAIM OF ANY KIND ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, THE RIGHTS AND OBLIGATIONS OF THE PARTIES, THE SALE OF THE FRANCHISE, OR OTHER CLAIMS OR CAUSES OF ACTION RELATING TO THE PERFORMANCE OF EITHER PARTY TO THIS AGREEMENT. NO ACTION OR PROCEEDING UNDER THIS AGREEMENT SHALL ADD AS A PARTY, BY CONSOLIDATION, JOINDER, OR IN ANY OTHER MANNER, ANY PERSON OR PARTY OTHER THAN FRANCHISEE AND FRANCHISOR AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISEE OR FRANCHISOR, UNLESS BOTH FRANCHISEE AND FRANCHISOR CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY JUDICIAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING

TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW.

28.9 Attorneys' Fees and Costs. In any action relating to this Agreement, the substantially prevailing party shall be entitled to recover its attorneys' fees and costs.

29. FRANCHISEE'S ACKNOWLEDGMENTS AND REPRESENTATIONS

29.1 Independent Investigation. Franchisee acknowledges that it has conducted an independent investigation of the business franchised hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon the ability of Franchisee (or, if Franchisee is a corporation, partnership or limited liability company, the ability of its principals) as an independent businessperson. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received, any warranty or guarantee, express or implied, as to the potential volume, profits, or success of the business venture contemplated by this Agreement.

29.2 Acknowledgment of Receipt. Franchisee acknowledges that it received a complete copy of this Agreement, the attachments hereto, and agreements relating thereto, if any, at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further acknowledges that it received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures" at least fourteen (14) calendar days prior to the date on which this Agreement was executed.

29.3 Acknowledgment of Understanding; Opportunity to Consult. Franchisee acknowledges that it has read and understood this Agreement, the attachments hereto, and agreements relating thereto, if any, and that Franchisor has accorded Franchisee ample time and opportunity to consult with an attorney or other advisor of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

29.4 No Warranty. Franchisee acknowledges that with respect to anything (products, services or otherwise) provided, approved or otherwise by Franchisor and/or any of Franchisor's Affiliates in any way with and/or referred or "approved" by Franchisor or them, other than specific written warranties expressly provided by Franchisor in connection with such items, such items are provided without any warranties, express or implied, the warranties of merchantability and fitness for a particular purpose being expressly disclaimed, nor do there exist any express or implied warranties on the part of Franchisor or any Affiliate as to the design, condition, capacity, performance or any other aspect of such (or other) items or their material or workmanship. There is no specific date in this Agreement by which Franchisor must deliver any products, equipment or supplies purchased from Franchisor or any operational guidelines. Franchisor shall assign to

Franchisee any warranty or guarantee Franchisor obtains from the manufacturer or supplier. Franchisee acknowledges that Franchisor is not in the business of manufacturing such items and must rely on the professional ability and workmanship supplied by third parties.

29.5 Dealings With Franchisor. Franchisee acknowledges and agrees that in all of Franchisee's dealings with Franchisor, the officers, directors, employees, and agents of Franchisor act only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Franchisor and that no other persons and/or entities, including Franchisor's Affiliates, and Franchisor's and its Affiliates' respective partners, shareholders, officers, directors, agents, attorneys, accountants, or employees, have or will have any duties or obligations to Franchisee. Franchisee further represents to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchised Business.

29.6 Franchisee's Information. Franchisee hereby consents to Franchisor's disclosure in its franchise disclosure documents or otherwise of information relating to Franchisee's ownership and operation of the Center, either as required by law or which Franchisor may choose to disclose in its discretion, including, but not limited to, Franchisee's name, business address and telephone number, home address and telephone number, revenues, expenses, profits and/or any other financial information relating to the Center and other related information.

29.7 Compliance With Anti-Terrorism Laws. Franchisee acknowledges that under applicable U.S. law, including, without limitation, Executive Order 13224, signed on September 23, 2001 (the "Order"), Franchisor is prohibited from engaging in any transaction with any Specially Designated National or Blocked Person. "Specially Designated National" or "Blocked Person" shall mean (1) those persons designated by the U.S. Department of Treasury's Office of Foreign Assets Control from time to time as a "specially designated national" or "blocked person" or similar status, (2) a person engaged in, or aiding any person engaged in, acts of terrorism, as defined in the Order, or (3) a person otherwise identified by government or legal authority as a person with whom Franchisor is prohibited from transacting business. Currently, a listing of such designations and the text of the Order are published at the URL www.ustreas.gov/offices/enforcement/ofac. Accordingly, Franchisee represents and warrants to Franchisor that as of the date of this Agreement, neither Franchisee nor any person holding any ownership interest in Franchisee, controlled by Franchisee, or under common control with Franchisee is a Specially Designated National or Blocked Person, and that Franchisee (1) does not, and hereafter shall not, engage in any terrorist activity; (2) is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity; and (3) is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity. Franchisee agrees that Franchisee shall immediately provide written notice to Franchisor of the occurrence of any event which renders the representations and warranties in this Section 29.7 incorrect.

29.8 Site Approval. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty of any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose.

Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for its purposes as of the time of the evaluation. Both Franchisee and Franchisor acknowledge that application of criteria that may have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change, thereby altering the potential of a site or lease. Such factors are unpredictable and are beyond Franchisor's control. Franchisor shall not be responsible for the failure of an Approved Location to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that its acceptance of a franchise for the operation of the Franchised Business at the Approved Location is based on its own independent investigation of the suitability of the site, and that Franchisor strongly recommends that all matters related to Franchisee's site selection and securing be reviewed by Franchisee's independent attorney, real estate broker, architect and other professionals.

29.9 Site Selection. Franchisee understands and agrees that the selection and securing of a site hereunder, the negotiation of a lease or purchase, the selection of developers, real estate agents, site selection specialists, contractors, etc., financing and all other matters related in any way to Franchisee's site are exclusively and entirely Franchisee's sole and ultimate responsibility and that neither Franchisor, any Affiliate of Franchisor, nor any of their respective partners, shareholders, officers, directors, agents, attorneys, accountants or employees, in any way will have any liability or responsibility with respect to any matters related in any way to the site for Franchisee's Center, including (but not limited to) site location, identification, evaluation, selection, lease/purchase negotiation, financing, review of documents, construction, build out, compliance with local requirements, suitability for any use or purpose and/or any other aspect of the development process (and any related steps) or otherwise, all such responsibilities being solely Franchisee's.

[Signatures On Next Page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first above written.

I HAVE READ THE ABOVE FRANCHISE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS FRANCHISE AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

FRANCHISEE

CREATIVE GARDENS DE LLC

By:_____

By:_____

Name:_____

Name:_____

Title:_____

Title: President

Date:_____

Date:_____

By:_____

Name:_____

Title:_____

Date:_____

Name:_____

Title:_____

Date:_____

EXHIBIT A TO
CREATIVE GARDENS CENTER
FRANCHISE AGREEMENT

1. For a Center, the Approved Location is:

2. The Territory is:

For a Center, a ____-mile radius from the address set forth in Section 1 of this Exhibit.

3. If Franchisee is a business entity, its owners are as follows:

Name	Home Address	Cell Phone	Ownership Percentage

EXHIBIT B TO
CREATIVE GARDENS CENTER
FRANCHISE AGREEMENT

CURRENT FORM OF CREATIVE GARDENS DE LLC
RELEASING LANGUAGE (SUBJECT TO CHANGE)

Release-General Provisions. The Franchisee(s), together with any owner of the Franchisee(s) (if the Franchisee(s) are or become a business entity), and/or any person, company or other entity which controls, is controlled by, or is under common control with the Franchisee, as well as any Franchisee spouse, parent, child and/or sibling and any entity controlled by any spouse, parent, child and/or sibling, each of the foregoing being referred to, collectively and individually, as the “**Releasing Parties,**” hereby jointly and severally release and forever discharge each and all of the Franchisor-Related Persons/Entities (as defined below) of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, known or unknown, fixed or contingent, past or present, that the Releasing Parties (or any of them) now has or may hereafter have against all or any of the Franchisor-Related Persons/Entities by reason of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the “Claims”), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims by any of the Releasing Parties against any of the Franchisor-Related Persons/Entities are hereby forever canceled and forgiven.

THE RELEASING PARTIES ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

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

THE RELEASING PARTIES, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, CALIFORNIA AND/OR JURISDICTIONS OF RELEASING PARTIES’ RESIDENCE AND LOCATION OF FRANCHISED UNITS.

The Releasing Parties expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Releasing Parties, and it is the Releasing Parties’ intention to forever settle, adjust and

compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Releasing Parties are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Releasing Parties represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as the Releasing Parties, in the Releasing Parties' independent judgment, believe necessary or appropriate.

All Releasing Parties, except those to whom the Washington Franchise Investment Protection Act, RCW 19.100, applies, agree that the Releasing Parties have not relied on any statement, promise, representation or otherwise, whether of fact, law or otherwise, or lack of disclosure of any fact, law or otherwise, by the Franchisor-Related Persons/Entities or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

No Assignment or Transfer of Interest. The Releasing Parties represent and warrant that there has been, and there will be, no assignment or other transfer of any interest in any Claims that the Releasing Parties may have against any or all of the Franchisor-Related Persons/Entities, all Claims having been fully and finally extinguished, and the Releasing Parties agree to forever indemnify and hold the Franchisor-Related Persons/Entities harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by any of the Franchisor-Related Persons/Entities as a result of any person asserting any voluntary, involuntary or other assignment or transfer, or any rights or claims under such assignment or transfer. It is the intention of the parties that this indemnity does not require payment by any of the Franchisor-Related Persons/Entities as a condition precedent to recovery against the Releasing Parties under this indemnity.

Attorneys Fees. If the Releasing Parties, or anyone acting for, or on behalf of, the Releasing Parties or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commence, join in, or in any manner seek relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder or in any manner asserts against all or any of the Franchisor-Related Persons/Entities any of the Claims released hereunder, the Releasing Parties agree to pay all attorneys' fees and other costs incurred by any of the Franchisor-Related Persons/Entities in defending or otherwise responding to said suit or assertion directly to the Franchisor-Related Persons/Entities incurring such costs.

"Franchisor-Related Persons/Entities." CREATIVE GARDENS DE LLC, its past, current and future: predecessors, successors, partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees and/or any affiliated companies and/or persons, and each of their respective partners, shareholders, officers, directors, agents, attorneys, accountants, and/or employees, as well as any company(ies)/person(s) acting by, through, under or in concert or affiliated or associated in any way with any of the foregoing, including (among others) ECE Holdings, LLC, Creative Childhood Education Inc. and each of its shareholders, officers, directors, agents, attorneys, accountants, and/or employees, as well as any of the Affiliates, successors and/or assigns of any of the foregoing.

Date of Releases, Joint and Several Liability; Governing Law. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of each of the Releasing Parties (and any other person/entity providing releases to the Franchisor-Related Persons/Entities) shall be joint and several. Any dispute arising out of or concerning the provisions of this release agreement will be governed by, and construed and enforced in accordance with, the law of the state in which the Franchised Business is located, without regard to such state's conflicts of laws or choice of law rules.

This release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

FRANCHISEE:

Signature

Signature

Printed Name

Printed Name

Date

Date

EXHIBIT C TO
CREATIVE GARDENS CENTER
FRANCHISE AGREEMENT

NON-DISCLOSURE AGREEMENT

In consideration of my position as _____ of _____ (the “Franchisee”), I hereby acknowledge and agree that:

1. CREATIVE GARDENS DE LLC (the “Franchisor”), as the result of the expenditure of time, skill, effort, and money, has developed, and continues to develop, a distinctive system relating to the establishment and operation of Centers, which offer early childhood learning and child care services to children from six weeks to six years old as the Franchisor develops or designates from time to time, under the trade name “Creative Gardens” (collectively, the “System”).

2. As an employee of the Franchisee, I will receive valuable confidential information, the disclosure of which would be detrimental to the Franchisor and the Franchisee, such as information relating to the operations of the business franchised by the Franchisee and methods of implementing the System; contents of video training tapes, trainings, lesson plans, seminars and workshops conducted by the Franchisor; methods, techniques, specifications, procedures, information, lesson plans, systems and knowledge of and experience in the development, operation, and franchising of Centers; marketing programs and promotional aids; knowledge of test, research and development programs for the development and introduction of products and services to be sold at Centers; business forms; accounting procedures; information bulletins; proprietary software; customer lists; and information which may be communicated to me or of which I may be apprised or develop by virtue of my work with the Franchisee. This list of confidential matters is illustrative only, and does not include all matters considered confidential by the Franchisor and the Franchisee.

3. I will hold in strict confidence all of the Franchisor’s and Franchisee’s confidential information. Unless the Franchisor otherwise agrees in writing, I will disclose and/or use the confidential information only in connection with my duties as an employee of the Franchisee. My undertaking not to disclose confidential information is a condition of my position with the Franchisee, and continues even after I cease to be in that position.

4. While in my position with the Franchisee, I will not do anything which may injure the Franchisee or the Franchisor, such as (a) divert or attempt to divert any present or prospective business or customer of any Center to any competitor, by direct or indirect inducement or otherwise; or (b) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Franchisor’s marks and the System.

5. The Franchisor is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Franchisor and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisor and/or the Franchisee may apply for the issuance of an injunction preventing me

from violating this Agreement in addition to any other remedies it may have hereunder, at law or in equity; and I agree to pay the Franchisor and the Franchisee all the costs it/they incur/s, including without limitation attorneys' fees, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisor and the Franchisee, any claim I have against the Franchisor or the Franchisee is a separate matter and does not entitle me to violate, or justify any violation of, this Agreement. If any part of this Agreement is held invalid by a court or agency having valid jurisdiction, the rest of the Agreement is still enforceable and the part held invalid is enforceable to the extent found reasonable by the court or agency. I agree that all the words and phrases used in this Agreement will have the same meaning as used in the Franchise Agreement, and that such meaning has been explained to me.

6. The Franchisor may, in its discretion, reduce the scope of any covenant set forth in this Agreement, without my consent, effective immediately upon my receipt of written notice thereof; and I agree to comply with any covenant as so modified.

7. This Agreement shall be interpreted and construed under the laws of the state in which the Franchised Business is located, without regard to such state's conflict of law rules. The only way this Agreement can be changed is in a writing signed by both the Franchisee and me.

ACKNOWLEDGED BY FRANCHISEE:

By: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Address: _____

Title: _____

Date: _____

EXHIBIT D TO
CREATIVE GARDENS CENTER
FRANCHISE AGREEMENT

GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to CREATIVE GARDENS DE LLC (“Franchisor”) to execute the Franchise Agreement between Franchisor and _____ (“Franchisee”) dated _____, 202__ (the “Agreement”), the undersigned, jointly and severally, hereby unconditionally guarantee to Franchisor and its successors and assigns that all of Franchisee’s obligations under the Agreement will be punctually paid and performed.

Upon demand by Franchisor, the undersigned will immediately make each payment to, and perform each obligation for, Franchisor required of Franchisee under the Agreement. The undersigned hereby waive any right to require Franchisor to: (a) proceed against Franchisee for any payment required under the Agreement; (b) proceed against or exhaust any security from Franchisee; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against Franchisee. Without affecting the obligations of the undersigned under this Guarantee, Franchisor may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of Franchisee, or settle, adjust, or compromise any claims against Franchisee. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by Franchisee, and agree to be bound by any and all such amendments and changes to the Agreement. The undersigned waive all legal and equitable defenses to enforcement of the terms of the Agreement and this Guarantee, including but not limited to waiver of all statute of limitations and laches defenses.

The undersigned hereby agree to defend, indemnify, and hold Franchisor and its affiliates harmless against any and all losses, claims, damages, demands, lawsuits, liens, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, reasonable costs of investigation, and court costs) resulting from, consisting of, or arising out of or in connection with any failure by Franchisee to perform any obligation of Franchisee under the Agreement, any amendment thereto, or any other agreement executed by Franchisee referred to therein.

This Guarantee shall terminate upon the termination or expiration of the Agreement, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination shall remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement shall remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor shall be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

Unless specifically stated otherwise, the terms used in this Guarantee shall have the same meaning as in the Agreement, and shall be interpreted and construed in accordance with Section 28 of the Agreement. This Guarantee shall be interpreted and construed under the laws of the state in which the Franchised Business is located, without regard to, and without giving effect to, such state’s conflict of law rules.

The undersigned hereby acknowledge and agree to be individually bound by all of the Franchisee's promises and covenants in the Franchise Agreement, including but not limited to the confidentiality provisions and non-competition covenants contained in Sections 11 and 19 of the Agreement, as if the undersigned executed the Franchise Agreement in his/her individual capacity.

The Guarantors agree that the dispute resolution provisions in Section 28 of the Agreement are hereby incorporated into this Agreement by reference, and references to "Franchisee" and the "Franchise Agreement" therein shall be deemed to apply to "Guarantors" and this "Guarantee," respectively, herein.

Any and all notices required or permitted under this Guarantee shall be in writing and shall be personally delivered, sent by registered mail, or sent by other means which afford the sender evidence of delivery or rejected delivery, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Franchisor: _____

Notices to Guarantors: _____

Any notice by a method which affords the sender evidence of delivery or rejected delivery shall be deemed to have been given at the date and time of receipt or rejected delivery.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTORS

STATE OF _____)

)

COUNTY OF _____)

Personally appeared before me this ____ day of _____, 20____, _____ and
_____, to me known to be the persons who executed the foregoing Guarantee.

Notary Public: _____

(NOTARY SEAL)

My Commission Expires: _____

EXHIBIT E TO
CREATIVE GARDENS CENTER
FRANCHISE AGREEMENT

COMMUNICATIONS ASSIGNMENT

The undersigned ("Franchisee"), hereby nominates CREATIVE GARDENS DE LLC as Attorney-In-Fact to transfer all of Franchisee's right, title, and interest in all telephone numbers, facsimile numbers, e-mail addresses, and domain names used in connection with Franchisee's Center to CREATIVE GARDENS DE LLC.

This nomination is only effective where Franchisee is in default of the Franchise Agreement to which this Communications Assignment is attached and Franchisee has failed to cure such defaults under the terms of the Franchise Agreement or where the Franchise Agreement, to which this Communications Assignment is attached, has expired.

FRANCHISEE:

By: _____

Title: _____

Dated: _____

By: _____

Title: _____

Dated: _____

EXHIBIT B TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

EXHIBIT E TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF OPERATING MANUAL

1	Standards & Policies	14 pages
2	The Creative Gardens Program	6 pages
3	Business Procedures	19 pages
4	Site Selection	26 pages
5	Product & Equipment	24 pages
6	Human Resources	25 pages
7	Health & Safety	12 pages
	Total	126 pages

EXHIBIT F TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

SUBORDINATION AGREEMENT

SUBORDINATION AGREEMENT

[TO BE USED WHEN FRANCHISEE IS TRANSFERRING THE FRANCHISE OR WHEN CONTROLLING INTEREST IN FRANCHISEE IS BEING TRANSFERRED]

THIS SUBORDINATION AGREEMENT ("Agreement") is entered into as of _____, 20____, by _____, with its principal office at _____ ("Subordinated Lender"), _____ with its principal office at _____ ("Transferee") and CREATIVE GARDENS DE LLC, a California limited liability company, with its principal office at 8 The Green Suite A, Dover, DE 19901 ("CGDE").

A. Subordinated Lender is a franchisee or owns an interest in a franchisee pursuant to a franchise agreement between CGDE and _____ dated _____, 202____.

B. Subordinated Lender is transferring to Transferee all or a portion of its interest in the franchise agreement or its interest in the franchisee pursuant to that certain agreement dated _____, 202____ (the "Sale Agreement").

C. In connection with the Sale Agreement, Subordinated Lender is making a loan to Transferee in the principal amount of \$ _____ (including all accrued interest and other charges thereon, the "Purchase Debt") to finance a part of the sale price under the Sale Agreement. The Purchase Debt and all other debts, liabilities and obligations of the Transferee to the Subordinated Lender, its successors and assigns, whether now existing or hereafter arising, whether direct, indirect, absolute or contingent, or due or to become due are hereinafter referred to as the "Subordinated Debt".

D. Subordinated Lender is willing to subordinate the Subordinated Debt to the Senior Debt (as defined below) on the terms and conditions set out in this Agreement. Senior Debt as used herein shall refer to: (a) the obligations of Transferee to pay franchise fees, Advertising Fund contributions and other amounts due to CGDE and any other entities under common control therewith and otherwise to comply with any franchise agreement between Transferee and CGDE, and (b) the obligations of Transferee pursuant to any continuing personal guaranties executed by Transferee in favor of CGDE (including accrued interest and all other charges thereon, collectively, the "Senior Debt").

NOW, THEREFORE, it is agreed as follows:

1. **Subordination.**

A. Subordinated Lender hereby subordinates the Subordinated Debt and all claims or demands arising therefrom to the Senior Debt. Subject to the other terms of this Agreement, Subordinated Lender agrees that all Senior Debt shall first be paid to CGDE before Subordinated Lender shall be paid anything on account of the Subordinated Debt and that Subordinated Lender will not take, demand or receive, and Transferee will not make, give or permit, any payment in respect of Subordinated Debt, provided that Transferee may make regularly scheduled payments (but not prepayments) in connection with the Subordinated Debt strictly in accordance with the terms of the documents evidencing the Subordinated Debt as originally set forth therein, unless and until either (i) any insolvency or bankruptcy proceeding is commenced by or granted against Transferee or (ii) Subordinated Lender shall have received from CGDE written notice (a "Default Notice") that a default has occurred and is continuing under the Senior Debt. CGDE agrees to send to the Subordinated Lender a copy of the notice to the Transferee describing the default together with the Default Notice. Upon the occurrence of a default described above, Subordinated Lender will not take, demand or receive, and Transferee will not make, give or permit, any payment in connection with the Subordinated Debt, provided that any payments in respect of the Subordinated Debt which are received by Subordinated Lender prior thereto and which are otherwise permitted to be made by this Section 1.A. may be retained by Subordinated Lender. If an event or condition which is the subject of a Default Notice shall be cured within the applicable grace period or if CGDE agrees to accept a cure of such default, Transferee may resume payments (including, so long as no default under the Senior Debt would result therefrom, payments previously accrued and not paid pursuant to the provisions of the preceding sentence) on the Subordinated Debt subject to receipt of any future Default Notice.

B. The provisions of this Agreement shall be enforceable during any bankruptcy, insolvency or reorganization proceeding.

C. At any general meeting of the creditors of the Transferee or in the event of any proceeding, voluntary or involuntary, for the distribution, division or application of all or part of such assets of the Transferee or its business, receivership, insolvency or bankruptcy proceedings, an assignment for the benefit of creditors or proceedings by or against the Transferee for relief under any bankruptcy, reorganization or insolvency law or any law relating to the relief of debtors, readjustment of indebtedness, reorganization, arrangement, composition or extension or otherwise, if all Senior Debt has not been paid in full at the time, CGDE is hereby irrevocably authorized at any such meeting or any such proceeding, to collect any assets of the Transferee distributed, divided or applied by way of dividend or payment or any securities issued on account of Subordinated Debt and apply the same or the proceeds of any realization upon the same that CGDE elects to effect, to the Senior Debt until all Senior Debt shall have been paid in full, rendering any surplus to the Subordinated Lender.

2. Distribution of Proceeds. Upon distribution of assets of the Transferee upon any acceleration of the Senior Debt, dissolution, winding up, liquidation or reorganization (including an arrangement) of the Transferee (whether in bankruptcy, insolvency or receivership proceedings) or upon an assignment for the benefit of creditors or any other dissolution, winding up, liquidation or reorganization of the Transferee:

D. CGDE shall first be entitled to receive payment in full of the Senior Debt before the Subordinated Lender is entitled to receive any payment on account of the Subordinated Debt;

E. Any payment or distribution of assets of the Transferee of any kind or character, whether in cash, property or securities to which the Subordinated Lender would be entitled except for these subordination provisions shall first be paid by the liquidating trustee or agent or other person making such a payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to CGDE or its representative, to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution to CGDE, and then to the Subordinated Lender; and

F. In the event that, notwithstanding the foregoing, any payment or distribution of assets of the Transferee of any kind or character, whether in cash, property or securities, shall be received by the Subordinated Lender before all Senior Debt is paid in full, such payment or distribution shall be paid over to CGDE or its representative, for application to the payment of such Senior Debt until all such Senior Debt shall have been paid in full, after giving effect to any concurrent payment or distribution to CGDE.

3. Improper Payments. Should any payment, distribution of security or proceeds thereof be received by Subordinated Lender upon or with respect to Subordinated Debt in violation of the subordination provisions of this Agreement (after notice as provided in Section 1 hereof), prior to the satisfaction of all of the Senior Debt, Subordinated Lender shall forthwith deliver the same to CGDE in the form received (except for endorsement or assignment by Subordinated Lender where required by CGDE), for application on any Senior Debt, and, until so delivered, the same shall be held in trust by Subordinated Lender as property of CGDE. Any payment received by Subordinated Lender and delivered or held in trust by Subordinated Lender as provided in the immediately preceding sentence shall not be deemed to be a payment by Transferee of Subordinated Debt. In the event of the failure of Subordinated Lender to make any such endorsement or assignment, CGDE, or any officer or employee of CGDE on behalf of CGDE, is hereby irrevocably authorized to make the same. Subordinated Lender agrees that any acceleration, collection proceedings, exercise of remedies or acceptance of prepayment by Subordinated Lender shall not affect the subordination (as provided in Sections 1 and 2 hereof) of any amounts received by Subordinated Lender as a result of such action. When required to prevent the barring of any claim thereon by the applicable statute of limitations, Transferee shall give written acknowledgment of liability thereon.

4. Assignment. Subordinated Lender will not assign or deliver to any person other than CGDE the Subordinated Debt or any evidence thereof or security therefor, unless Subordinated Lender obtains the assignee's agreement in writing to be bound by this Agreement and the holders of the Senior Debt shall have been furnished with original copies of such agreement.

5. Subordinated Debt Amendments. Subordinated Lender, at any time and from time to time, may enter into such agreement or agreements with Transferee as Subordinated Lender may deem proper extending the time of payment or renewing or otherwise altering the terms of all or any of the Subordinated Debt or affecting any

security underlying any or all of such indebtedness, or may exchange, sell or surrender or otherwise deal with any security, or may release any balance of funds of Transferee with Subordinated Lender, without notice to CGDE, provided, however, that without the prior written consent of CGDE, neither the Transferee nor Subordinated Lender nor any future holder of the Subordinated Debt will permit, consent to or agree to any of the following: (1) amendments to increase the principal amount or to change the interest rate of the Subordinated Debt; (2) any amendments or modification of the documents evidencing the Subordinated Debt which amends or modifies the subordination provisions thereof or the principal amortization or interest payment amounts or dates set forth therein to an amount or amounts larger, or a date or dates earlier, than those presently set forth in the documents evidencing the Subordinated Debt; and (3) amendments to charge any additional fees.

6. Senior Debt Amendments. CGDE, at any time and from time to time, may enter into such agreement or agreements with Transferee as CGDE may deem proper altering the terms of all or any of the Senior Debt or affecting any security underlying any or all of such indebtedness, or may exchange, sell or surrender or otherwise deal with any security, or may release any balance of funds of Transferee with CGDE, without notice to Subordinated Lender and without in any way impairing or affecting this Agreement.

7. Notice of Subordination. The Subordinated Lender agrees that each of the documents evidencing the Subordinated Debt shall contain a prominent notice to the effect that the terms of such documents are subject to the terms of this Agreement.

8. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, administrators, personal representatives, successors and assigns.

9. Notice. Subordinated Lender and CGDE agree to give the other written notice of any default under any agreement between them and the Transferee. Notices hereunder shall be addressed to each respective party as specified below or as otherwise may be designated in writing as set forth herein, shall be sent certified or registered mail, return receipt requested, and shall be effective 48 hours after deposit in the United States Mail, postage prepaid.

If to CGDE: CREATIVE GARDENS DE LLC
8 The Green Suite A
Dover, DE, 19901
Attention: President

If to Subordinated Lender: _____

Attn: _____

If to Transferee: _____

Attn: _____

10. Governing Law; Dispute Resolution. This Agreement and the rights and obligations of the parties hereunder shall be construed in accordance with and shall be governed by the laws of the state in which the Franchised Business is located, without regard to such state's conflict of laws rules. The parties hereby incorporate by this reference the Franchise Agreement Article captioned "Dispute Avoidance and Resolution," acknowledge that they have reviewed such Article, and agree that it shall apply to any dispute arising out of or concerning this Agreement or its enforcement, interpretation or construction.

11. Miscellaneous. This instrument embodies the entire agreement of the parties hereto with respect to the subject matter hereof, there are no courses of dealing, usages of trade, or other representations, promises, terms or conditions referring to such subject matter, and no inducements or representations leading to the execution hereof other than as mentioned herein. This Agreement may not be modified except in writing executed by all of the parties hereto. No failure or delay by any party hereto to exercise any right hereunder shall operate as a waiver of the right to exercise the same or any other right at any time or times. All remedies of CGDE and Subordinated Lender shall be cumulative. This Agreement may be executed in one or more counterparts, each of which shall constitute an original document, but all of which together shall constitute one and the same instrument. Article and section headings are inserted herein solely for convenience and the same shall not by themselves alter, modify, limit, expand or otherwise affect the meaning of any provision of this Agreement.

IN WITNESS WHEREOF, this Agreement has been duly executed and consented to by the respective parties hereto as of the date first above written.

CREATIVE GARDENS DE LLC

SUBORDINATED LENDER:

By: _____

Name: Xinkai Chen

Its: President

Individually and/or as an officer or partner of _____, a (____) corporation (____) partnership

TRANSFEREE:

Individually and/or as an officer or partner of _____, a () corporation (____) partnership

EXHIBIT G TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS
AND
AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

California

(for service of process)

Commissioner of Financial Protection and Innovation

320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344

(213) 576-7505/(866) 275-2677 (toll free)

(state agency)

Department of Financial Protection and Innovation

(320 W. 4th Street, Suite 750 Los Angeles, California 90013-2344

(213) 576-7505/(866) 275-2677 (toll free)

Hawaii

(for service of process)

Commissioner of Securities Business

Registration Division Securities Compliance

Branch 335 Merchant Street, Room 203

Honolulu, Hawaii 96813

(808) 586-2722

(for other matters)

Business Registration Division

Department of Commerce & Consumer Affairs

P.O. Box 40

Honolulu, Hawaii 96810

(808) 586-2722

Illinois

Office of Attorney General State of Illinois

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 administrator)

Indiana Secretary of State

Securities Division, Room E-111 302 West

Washington, Room E-111 Indianapolis, Indiana 46204

(317) 232-6681

Kentucky

Commonwealth of Kentucky Office of the Attorney General Consumer Protection Division 1024 Capital Center Drive Frankfort, Kentucky 40602

Maryland

Maryland Securities Commissioner Office of the

Attorney General Securities Division

200 Saint Paul Place

Baltimore, Maryland 21202-2020

(410) 576-6360

Michigan

(for service of process)

Michigan Department of Commerce, Corporations and Securities Bureau

6546 Mercantile Way

Lansing, Michigan 48909

(517) 335-7567

(state agency)

Michigan Attorney General's Office Consumer

Protection Division Franchise Section

525 W. Ottawa Street

G. Mennen Williams Building, 1st Floor Lansing, Michigan 48913

(517) 335-7567

Minnesota

Commissioner of Commerce Minnesota Department of Commerce Securities Unit

85 7th Place East, Suite 280

St. Paul, Minnesota 55101-2198 (651) 539-1500

Nebraska

Department of Banking and Finance 1526 K Street, Suite 300

PO Box 95006

Lincoln, Nebraska 68508

New York

(for service of process) Secretary of State of New York 99 Washington Ave

Albany, NY 12231-0001

(518) 474-4750

(state agency)

New York State Department of Law

Bureau of Investor Protection and Securities 28 Liberty Street

New York, New York 10005

(212) 416-8236

North Dakota

North Dakota Securities Department Fifth
Floor
600 East Boulevard Avenue Bismarck,
North Dakota 58505-0510 (701) 328-2910

Oregon

Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building Salem,
Oregon 97310
(503) 378-4387

Rhode Island

Division of Securities
John O. Pastore Center,
Building 69, First Floor
1511 Pontiac Avenue
Cranston, Rhode Island 02910
(401) 462-9527

South Dakota

Department of Labor and Regulation
Division of Insurance Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501-3185
(605) 773-3563

Texas

Statutory Document Section Secretary of
State
P.O. Box 12887
Austin, Texas 78711

Virginia

(for service of process)
Clerk, State Corporation Commission 1300
East Main Street, 1st Floor Richmond,
Virginia 23219
(804) 371-9733

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

Washington

(for service of process)
Director of Financial Institutions Securities Division
150 Israel Rd. SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)
Department of Financial Institutions Securities
Division
P.O. Box 9033
Olympia, Washington, 98507-9033
(360) 902-8760

Wisconsin

Securities and Franchise Registration Wisconsin
Securities Commission
201 W. Washington Avenue, Suite 300
Madison, Wisconsin 53703
(608) 266-3431

EXHIBIT H TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

Deleted

EXHIBIT I TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

STATE ADDENDA

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

(California)

1. California Business & Professions Code sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
2. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
3. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the agreement. This provision may not be enforceable under California law.
4. The California Addendum to Franchise Agreement and Development Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
5. Neither the franchisor, nor any person or franchise broker listed 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. § 78a, et seq., suspending or expelling such persons from membership in such association or exchange.
6. The Franchise Agreement requires you to execute a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043).
7. Section 31125 of the California Corporation Code requires the franchisor to give you a franchise disclosure document, approved by the Commissioner, before a solicitation of a proposed material modification of an existing franchise.
8. THE FRANCHISOR'S WEBSITE, www.cgece.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.
9. 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.
10. The Franchise Agreement requires application of the laws of the state where the franchised business is operated. This provision may not be enforceable in California.
11. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by the franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

12. Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

13. Registration does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

ADDENDUM TO FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT

(California)

The following is an Addendum dated _____ to the Franchise Agreement (the "Franchise Agreement") dated _____ between CREATIVE GARDENS DE LLC ("Franchisor") and _____ ("Franchisee"). Franchisor and Franchisee agree as follows:

1. To the extent that Sections 15 ("Transfer of Interest"), 17 ("Default and Termination"), and 18 ("Obligations Upon Termination or Expiration") and any other terms of the Franchise Agreement are inconsistent with the California Franchise Relations Act (the "Act," Bus. & Prof. Code § 20000, *et seq.*), the terms of the Act will control and the applicable section shall be modified only to the extent required to comply with the Act. The parties agree that in no event shall a reasonable opportunity to cure to the extent required under the Act be greater than seventy-five (75) days.

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

3. New Section 18.12, which is a liquidated damages provision, is added to the Franchise Agreement and states as follows:

If the Agreement is terminated as a result of Franchisee's default, Franchisee shall pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the average of all monthly royalty fees due over the preceding twenty-four (24) months (or the number of months Franchisee has operated the unit, if less), multiplied by the lesser of (a) twenty-four months or (b) the number of months remaining in the term of the Agreement. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult. Desiring certainty in this matter, the parties agree that the lump sum payment provided under this section is a reasonable estimate of the damages that Franchisor will incur as a result of the premature termination. This payment is in addition to, and not exclusive of, any other remedies that Franchisor may have, including attorneys' fees and costs.

4. The terms of this Addendum apply only to the extent that the jurisdictional requirements of the Act are met independently of the Franchise Agreement and this Addendum.

5. To the extent that the provisions of this Addendum are deemed to be inconsistent with any terms or conditions of the Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 202____.

CREATIVE GARDENS DE LLC

FRANCHISEE

By:_____

Name: Xinkai Chen

Title: President

Individually and/or as an officer or partner of
_____, a
(_____)
corporation
(_____)
partnership

ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

(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 A OR YOUR PUBLIC LIBRARY FOR SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled **“Termination by franchisee”**: You may terminate the agreement on any grounds available by law.

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

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

EXHIBIT J TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

EXTRANET LICENSE AGREEMENT

CREATIVE GARDENS EXTRANET LICENSE AGREEMENT

This Extranet License Agreement ("Agreement") is made on this ____ day of ____, 202 __, by and between CREATIVE GARDENS DE LLC, ("CGDE") and ____ ("Franchisee"), parties to that certain Franchise Agreement ("Franchise Agreement") awarding Franchisee the right and license to operate the Creative Gardens Program and use certain Creative Gardens Marks under certain terms and conditions. Any capitalized terms that are not defined in this Agreement shall have the same meaning assigned to them in the Franchise Agreement.

A. This Agreement describes the terms and conditions upon which Franchisee shall subscribe to and utilize the Extranet Services as described below. As used in this Agreement, the term "Extranet Services" includes, but is not limited to, access to an administration tool for the input of names and e-mail addresses to effect e-mail communications, mail forwarding, global contact lists, on-line discussion forums, file libraries, access to the Extranet, customer enrollment, customer relationship management systems, credit card verification services and the publishing of such data and other information, related mobile applications, and performance of such other electronic services, as CGDE, in its sole discretion, may identify from time to time, subject at all times to CGDE's right to modify and discontinue the Extranet Services.

B. Franchisee's agreement to the terms and conditions of this Agreement is necessary to protect and serve the interests of Franchisee and all other persons authorized to use the Extranet Services, including other franchisees of the System, and is required as a condition of the Franchise Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which the parties hereby acknowledge, the parties agree as follows:

1. EXTRANET SERVICES.

CGDE agrees to provide to Franchisee the Extranet Services and information and other content ("Extranet Material") that may be provided to CGDE by third parties ("Extranet Provider") for use in the Creative Gardens System, subject to and in accordance with the terms and conditions of this Agreement.

2. USE OF THE EXTRANET SERVICES.

2.1 Franchisee shall comply with the terms of the Extranet Provider's then-current License Agreement which shall be provided to franchisee on sign up or sign in to the Extranet Services. Franchisee will be required to agree to the terms of the Extranet Provider's License Agreement as a condition of using the Extranet Services.

2.2 Franchisee acknowledges and agrees that CGDE may, at its sole discretion and on a worldwide basis, subject to applicable law, distribute, transfer, loan, sell share with other persons or entities, or otherwise use the "User Lists." "User Lists" include Franchisee's and its Users' (defined in Section 6 below) customer information, including the customers' names and addresses. Franchisee acknowledges and agrees that User Lists may be (i) collected directly from Franchisees (and Franchisee agrees to promptly provide the User Lists to CGDE upon its request), (ii) derived from data input into the Extranet Services by Franchisee and/or a User, and (iii) obtained, stored, distributed and otherwise managed by CGDE, its affiliates and contractors. Franchisee may not download or otherwise use the User Lists from other franchisees.

2.3 Franchisee acknowledges that per this Agreement, CGDE's permitted use of the User Lists includes, but is not limited to, the following:

- a) Directing e-mail or other communications from CGDE to the Franchisee,
- b) Sharing User Lists with CGDE's franchisees and affiliates for their use in various marketing campaigns,

- c) Directing limited commercial or promotional communications to Franchisee, the Users or Franchisee's customers pursuant to CGDE's Referred and Preferred Vendor Programs, and
- d) Other uses as deemed appropriate solely by CGDE for its internal information and records and for the conduct of business between CGDE and its franchisees and affiliates.

2.4 Franchisee shall correct errors in the data, including the User Lists and Franchisee inputs into the Extranet Services.

2.5 CGDE, in its good faith discretion and without notice, may provide information and records relating to Franchisee and Users to courts, law enforcement agencies, or others involved in prosecuting claims or investigations for conduct or conditions alleged or believed to be illegal or to violate or threaten the rights of any person or entity, including but not limited to CGDE and its affiliates.

2.6 Franchisee acknowledges and agrees that Franchisee and the Users are only authorized to use the User Lists upon the following conditions:

- a) Franchisee's Franchise Agreement has not expired or otherwise been terminated;
- b) Franchisee may only send marketing materials pre-approved by CGDE (as further described in the Franchise Agreement) to the customers contained in the User Lists;
- c) Franchisee may not copy, make derivations of, download or otherwise back up the data contained in the User Lists, except to use such information to send direct mail marketing materials to Franchisee's customers regarding the Franchised Business.

2.7 Franchisee agrees to cooperate with CGDE to obtain consents CGDE deems necessary in its sole discretion for collection and use of the User Lists and all other personal information, and acknowledges that it shall indemnify CGDE pursuant to Section 12 hereof for any failure to obtain such consents.

3. LEGAL REQUIREMENTS.

Franchisee agrees to comply with the terms and conditions of this Agreement, its Franchise Agreement, the Creative Gardens Operations Manual (as amended from time to time in CGDE's sole discretion), and all applicable laws, rules and regulations in connection with the use of the Extranet Services. Franchisee shall use the Extranet Services in accordance with CGDE's instructions, and not for further resale or distribution. Franchisee is responsible for reading and paying appropriate attention to warnings, notices, obligations and instructions presented in various areas of the Extranet Services, and shall also comply and ensure that its employees and representatives comply with all such restrictions relating to the use of the Extranet Services.

4. DISCLAIMER AS TO CONTENT.

CGDE does not, and shall not be deemed to, verify, endorse or in any way vouch for the accuracy, completeness, truthfulness or reliability of any service, opinion, advice, communication, information or other content on or made available through the Extranet Services.

5. OWNERSHIP OF CONTENT.

5.1 Franchisee acknowledges and agrees that any information posted in the libraries or forums shall be and remain the property of CGDE or the Extranet Provider, and that CGDE may reproduce, distribute, transmit, publish, transfer, or commercially exploit or otherwise use any software, file, information, communication or other content received or accessed in the libraries and forums through the Extranet Services.

5.2 CGDE reserves all rights in and to all trademarks, registrations, copyrights and other intellectual property rights with respect to content posted on or available through the Extranet Services which are identified as, claimed by CGDE as, or known by Franchisee to be, proprietary to CGDE.

5.3 Information generated by or in connection with the administration of the Extranet Services shall be and remain the exclusive property of CGDE.

6. FRANCHISEE RESPONSIBILITY.

Franchisee shall be responsible for all access to, and use of, the Extranet Services through Franchisee's specific account(s) or password(s). Franchisee agrees that only Franchisee and its authorized employees or independent contractors ("Users") shall be granted access to the Extranet Services on Franchisee's account(s) and shall use only the specific password(s) that Franchisee assigns or permits each individual User to select. Franchisee will not: (i) license, sublicense sell, resell, rent, lease, transfer, assign, distribute, time share or otherwise commercially exploit or make the Extranet Services available to any third party (other than Users or Franchisee as expressly authorized by this Agreement); (ii) use the Extranet Services to (a) collect, transmit, or process infringing, offensive, obscene, threatening, libelous, or otherwise unlawful or tortious material, including material that is harmful to children or violates third party privacy rights; or (b) send, store, publish, post, upload or otherwise transmit any viruses, Trojan horses, worms, time bombs, corrupted files or other computer programming routines that are intended to damage, detrimentally interfere with, surreptitiously intercept or expropriate any systems, data, personal information or property of another; (iii) interfere with or disrupt the integrity or performance of the Extranet Services; or (iv) attempt to gain unauthorized access to the Extranet Services; (v) use or knowingly permit the use of any security testing tools in order to probe, scan or attempt to penetrate or ascertain the security of the Extranet Services; (vi) copy, translate, create a derivative work of, reverse engineer, reverse assemble, disassemble, or decompile the Extranet Services or any part thereof or otherwise attempt to discover any source code or modify the Extranet Services. Franchisee shall: (i) notify CGDE immediately by e-mail or telephone of any unauthorized use of any password or account or any other known or suspected breach of security in Franchisee's account; (ii) report to CGDE immediately and use reasonable efforts to stop immediately any known or suspected copying or unauthorized distribution of User Lists; and (iii) not impersonate another user or provide false identity information to gain access to or use the Extranet Services. Franchisee is responsible for its Users' compliance with this Agreement and for ensuring that Users maintain the confidentiality of their passwords and user names. Franchisee agrees not to upload, post or otherwise publish on or using the Extranet Service, and not to seek on or using the Extranet Service, any software, file, information, communication or other content: (a) which violates or infringes upon the proprietary, moral or other rights of any other person; (b) which, under the circumstances and in CGDE's good faith judgment, is, or is likely to be perceived by an intended recipient or target as, defamatory, deceptive, misleading, abusive, profane, offensive or inappropriate, (c) which constitutes a threat to, harassment of, or stalking of another; (d) which, without the prior written approval of CGDE, contains any advertising, promotion or solicitation of goods or services for commercial purposes; or (e) which, in CGDE's sole judgment, reflects unfavorably upon the Creative Gardens Marks or System (as defined in the Franchise Agreement). Franchisee may not, without the prior written approval of CGDE, send unsolicited advertising or promotional material. Notwithstanding the foregoing, Franchisee may send e-mails without CGDE's prior written approval provided Franchisee uses a form prescribed by CGDE and uses CGDE's approved e-mail vendor. Franchisee shall comply with all applicable laws, including the CAN-SPAM Act, and such e-mail policies that may be posted on the Extranet from time to time.

7. MISUSE OF ACCOUNTS.

Franchisee shall not use another Franchisee's account, nor shall Franchisee permit or authorize any User to use an account or password that does not belong to Franchisee.

8. ONGOING RELATIONSHIP.

8.1 Franchisee acknowledges and agrees that CGDE, in its sole discretion, without prior notice of any kind, and without liability to Franchisee, may (i) discontinue, add to or revise in whole or in part the Extranet Services or change the Extranet Provider, and (ii) modify, supplement, delete, discontinue or remove any software, file, publications, information, communication or other content appearing on or transmitted through the Extranet Services. The changes described in (i) and (ii) are referred to as a "Creative Gardens Extranet Services Modification."

Franchisee shall comply with each and every Creative Gardens Extranet Services Modification promptly following notice thereof which may be given through communications on or made available through the Extranet Services. CGDE's voluntary discontinuation of the Extranet Services in their entirety shall result in the termination of this Agreement.

8.2 Franchisee may not transfer or assign, either voluntarily or by operation of law, any of its rights or duties under this Agreement except in conjunction with, and only to the same transferee approved by CGDE to receive, an assignment of its rights and duties under the Franchise Agreement.

8.3 This Agreement shall terminate effective immediately without notice and concurrently upon expiration or termination of the Franchise Agreement.

8.4 Without waiving its right to terminate this Agreement, CGDE may suspend (with or without notice) Franchisee's access to the Extranet Services, in whole or in part at any time based upon Franchisee's breach of this Agreement or the Franchise Agreement without liability to Franchisee. Additionally, CGDE may terminate the right of a particular User to use an account or password based upon any misuse that CGDE, in its sole discretion, determines has occurred.

8.5 CGDE shall have no obligation or liability to Franchisee on account of any modifications to, discontinuation of, or termination, suspension or cancellation, in whole or in part, of the Extranet Services and/or this Agreement.

8.6 After termination of this Agreement or any account, or after suspension of access to the Extranet Services, Franchisee remains responsible for any obligations accrued to that date. Franchisee shall pay all fees, if any, due to CGDE through the end of the month in which suspension or termination occurs.

8.7 If any term of this Agreement is found by a court of competent jurisdiction to be illegal or unenforceable, the term shall be considered to be stricken from this Agreement as if it had not been included from the beginning.

9. FEES AND PAYMENT

9.1 Franchisee shall pay a monthly license fee of \$_____ per month for each Center that Franchisee operates under the Franchise Agreement. The monthly license fee shall be payable by Franchisee at the same time that it pays continuing royalty fees to CGDE and shall be subject to the same late fees and other charges that the Franchise Agreement imposes on late royalty fees. At its option, CGDE may change the payment schedule, with three (3) months prior written notice, to more frequent intervals or otherwise. CGDE reserves the right to increase the license fee on fifteen (15) days' notice, which can be in the form of a general e-mail or general posting on CGDE's communication system.

9.2 The first monthly license fee for a Center shall be due and payable starting with the month after the month in which the Center opens for business. Thereafter, monthly license fees shall continue to be paid for as long as this Agreement is in effect and Franchisee operates the Center under the Franchise Agreement.

9.3 Franchisee shall pay any and all applicable taxes related to use of the Extranet Services by Franchisee or by Franchisee's Users.

10. HARDWARE AND OTHER EQUIPMENT.

Franchisee is responsible for and must purchase or otherwise provide all telephone, computer and other equipment and services necessary to access and use the Extranet Services.

11. DISCLAIMER OF WARRANTIES AND EXCLUSION OF LIABILITY.

11.1 FRANCHISEE EXPRESSLY AGREES THAT USE OF THE EXTRANET SERVICES IS AT FRANCHISEE'S SOLE RISK. THE SERVICES ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES THAT THE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE, WARRANTIES OF TITLE OR IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR OTHERWISE.

11.2 NEITHER CGDE NOR ANY OF ITS AFFILIATES, INFORMATION OR CONTENT PROVIDERS, SERVICE PROVIDERS, LICENSORS, EMPLOYEES OR AGENTS SHALL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES ARISING OUT OF USE OF THE EXTRANET SERVICES, CGDE'S TERMINATION OF THE EXTRANET SERVICES, CGDE'S TERMINATION OR SUSPENSION OF THE FRANCHISEE'S ACCESS TO THE EXTRANET SERVICES OR FRANCHISEE'S INABILITY TO USE THE EXTRANET SERVICES OR OUT OF ANY BREACH OF ANY REPRESENTATION OR WARRANTY. THIS PROVISION SHALL APPLY REGARDLESS OF ANY ALLEGATION OR FINDING THAT A REMEDY FAILED OF ITS ESSENTIAL PURPOSE, REGARDLESS OF THE FORM OF ACTION OR THEORY OF LIABILITY (INCLUDING, WITHOUT LIMITATION, ANY FORM OF NEGLIGENCE) AND EVEN IF CGDE WAS ADVISED OR AWARE OF THE POSSIBILITY OR LIKELIHOOD OF SUCH DAMAGES OR LIABILITY.

11.3 FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT THE PROVISIONS OF THIS SECTION SHALL ALSO APPLY TO ANY AND ALL CLAIMS RELATING TO "THIRD PARTY MATERIAL" (DEFINED ABOVE) AND ANY OTHER CONTENT AVAILABLE THROUGH THE EXTRANET SERVICES. FRANCHISEE AGREES THAT IT WILL NOT IN ANY WAY HOLD CGDE RESPONSIBLE FOR ANY SELECTION OR RETENTION OF, OR THE ACTS OR OMISSIONS OF, THIRD PARTIES IN CONNECTION WITH THE EXTRANET SERVICES.

12. INDEMNITY.

Franchisee hereby indemnifies and holds harmless CGDE and its affiliates and their respective directors, officers, employees and agents from and against all claims, liability, damages, costs and expenses, including but not limited to reasonable attorneys' fees, arising out of or related to any and all use of Franchisee's account. This includes, without limitation, responsibility for all such consequences of Franchisee's and Franchisee's Users use of the Extranet Services, violation of this Agreement, or placement on or over, or retrieval from or through, the Extranet Services of any software, file, information, communication or other content. Franchisee acknowledges and agrees that CGDE and Franchisee are obligated to comply with applicable laws in using the Extranet Services, including the collection, use and disclosure of Franchisee data and Franchisee's customer's data in accordance with applicable law, and Franchisee acknowledges and agrees that CGDE and Franchisee are obligated to take all actions related to the Extranet Services accordance with all applicable laws, regulations, and using industry standards of care and in compliance with the Extranet Provider's License Agreement.

13. DISPUTE RESOLUTION

Any dispute arising out of or concerning the provisions of this Agreement will be governed by, and construed and enforced in accordance with the law of the state where Franchised Business is located, without regard to such state's conflicts of laws or choice of law rules. The parties hereby incorporate by this reference the Franchise Agreement Article captioned "Applicable Law and Dispute Resolution" and agree that it shall apply to any dispute arising out of or concerning this Agreement or its enforcement, interpretation or construction.

[Signatures on Next Page]

CREATIVE GARDENS DE LLC

FRANCHISEE:

By: _____
Xinkai Chen, President

Individually and/or as an officer or partner of _
, a _____

EXHIBIT K TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

E-MAIL USE AGREEMENT

E-MAIL ACCOUNT AGREEMENT	
This E-MAIL ACCOUNT AGREEMENT (the “ E-Mail Agreement ”) is effective as of the date this Agreement is signed by all parties hereto and is made by and between you, the undersigned (“ You ” or “ Your ”), and CREATIVE GARDENS DE LLC (“ Licensor ”).	
You	
Name:	Physical Address:
Phone:	Fax:
LEGAL TERMS AND CONDITIONS	
BY SIGNING BELOW YOU AGREE TO ALL OF THE TERMS AND CONDITIONS SET FORTH IN THE E-MAIL SERVICE TERMS OF USE ATTACHED HERETO.	
SIGNATURES	
YOU:	CREATIVE GARDENS DE LLC
Signature:	By:
Name:	Name: Xinkai Chen
Title:	Title: President
Date:	Date:

E-MAIL SERVICE TERMS OF USE

Licensor offers its franchisees the right, and the obligation, to use the e-mail domain “ececg.com” through an e-mail service hosted by or on behalf of Licensor (the “**Service**”). You are a franchisee of Licensor pursuant to a development or franchise agreement (each, an “**Agreement**”) for the operation of a Center (the “**Franchised Business**”) and You desire to use the Service in accordance with the terms of this E-Mail Agreement. In consideration of the mutual promises set forth herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, do hereby agree as follows:

1. E-Mail Address. Licensor may issue You an e-mail address consisting of a local portion and the domain portion @cgece.com for each Franchised Business You operate (each being “**Your E-mail Address**”). You may use Your E-mail Address only (i) with the Service, and (ii) only for customer facing emails (i.e. e-mail communications directly with your customers) in connection with Your operation of the Franchised Business in a manner permitted under the Agreement. You agree that Your duties and obligations set forth in this E-Mail Agreement are in addition to, and not in limitation of, Your duties and obligations under the Agreement or any other agreement between You and Licensor or its affiliates.

2. Use of the Service.

2.1 Your Responsibilities. You are solely responsible for Your use of the Service and Your E-mail Address. You shall: (i) have sole responsibility for the accuracy, quality, integrity, legality, reliability, and appropriateness of all of communications and advertising using Your E-mail Address; (ii) comply with all applicable local, state, provincial, federal, and applicable foreign laws in using Your E-mail Address and

the Services, and (iii) comply with the terms of any guidelines, policies, procedures or other rules and regulations of Licensor with respect to the Services delivered to You from time-to-time.

2.2 Service Guidelines. You shall use the Service only for Your conduct of, and advertising for, the Franchised Business and specifically for customer facing emails. E-mails to and from other persons (e.g. suppliers) shall be sent and received using a different e-mail address. All e-mails to customers shall comply with the Agreement and with applicable privacy laws and shall provide for customers to consent to the collection, use and disclosure of his/her personal information (via an “opt-out” option where applicable). All e-mails to customers shall also include any other information required by law or reasonably required by Licensor. Without limiting the foregoing, You shall not use the Service to: (i) send e-mail in violation of any applicable anti-spam law; (ii) imitate or impersonate another person or his, her or its e-mail address, or create false accounts for the purpose of sending spam; (iii) harvest, collect, gather or assemble information or data regarding customers or other e-mail users without their consent; (iv) send e-mails to customers or other e-mail users who have requested to be removed from a mailing list (allowing a reasonable period of time for such mailing lists to be updated); (v) send, upload, distribute or disseminate or offer to do the same with respect to any unlawful, defamatory, harassing, abusive, threatening, fraudulent, infringing, obscene, or otherwise objectionable content; (vi) intentionally or negligently distribute viruses, worms, defects, Trojan horses, corrupted files, hoaxes, or any other items of a surreptitious, destructive or deceptive nature; (vii) conduct or forward e-mails related to pyramid schemes and the like; (viii) transmit content that may be harmful or offensive to minors; (ix) impersonate another person (via the use of an e-mail address or otherwise) or otherwise misrepresent yourself or the source of any e-mail; (x) illegally transmit another's intellectual property or other proprietary information without such owner's or licensor's permission; (xi) violate the legal rights (including rights of privacy and publicity) of others, or promote or encourage illegal activity; (xii) interfere with other users' enjoyment of the Service; or (xiii) engage in any illegal peer-to-peer file sharing.

3. Proprietary Rights.

3.1 Reservation of Rights. You acknowledge and agree that You may use Your E-Mail Address and the Service only as set forth in this E-Mail Agreement and that you have no other right to use the same. You acknowledge and agree that Licensor is the owner of all right, title and interest in and to the domain name “cgece.com” and Your E-mail Address (the “**Trademarks**”), and any and all derivations and variants thereof, in any form or embodiment thereof, and is also the owner of the goodwill attached or which shall become attached to the Trademarks. All uses of the Trademarks by You shall inure to the benefit of Licensor. You shall not, at any time, do or permit to be done any act or thing that may in any way adversely affect any rights of Licensor in and to the Trademarks or that, directly or indirectly, may reduce the value of the Trademarks or detract from their reputation. You shall not, during or after the Term, vary the Trademarks, join any name, symbol, design or other indicia with the Trademarks so as to form a new mark, or use or seek to register any trademarks which include or are confusingly similar to the Trademarks, including, without limitation, use any of any of the Trademarks as a domain name, meta-tag, hidden text or similar use. You agree to never challenge Licensor's ownership of or the validity of the Trademarks or any trademark registration thereof, or any rights of Licensor therein.

3.2 Data. In order to use the Service, you acknowledge that the Service automatically collects all data, messages and information You send or that is sent to You by and through the Service (“**Your Data**”). Upon termination of our relationship or the Agreement, or as reasonably required by Licensor (in Licensor's sole discretion), You consent to such collection. You agree that any time during the term of this E-Mail Agreement and upon its termination Licensor is free to monitor and use Your Data, including retrieving and reading e-mail messages, attachments, and other computer files, and that Licensor will have no confidentiality obligations with respect to such information. Even though You may be issued a private password or other private access code to log into the Service, You acknowledge and agree that You have

no expectation of privacy with regard to Your use of the Service. You agree that any and all information, data, messages and information You send or that is sent to You by or through the Service is the property of Licensor. During the term of this E-Mail Agreement, You shall have the right to reproduce Your Data for purposes of creating back-up records and to maintain Your Data as necessary for the operation of the Franchised Business. Licensor may, but is not obligated to, back-up and/or maintain any data regarding Your use of the Services, including Your Data. Licensor shall have no obligation to back-up, maintain or deliver any such data regarding the Service and Licensor may permanently delete all such data without notice to You.

4. Disclaimer of Warranties. THE SERVICE IS PROVIDED ON AN “AS IS” BASIS AND LICENSOR EXPRESSLY DISCLAIMS ANY AND ALL EXPRESS, IMPLIED OR STATUTORY WARRANTIES, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUIET ENJOYMENT, TITLE, AND NON-INFRINGEMENT, AND ANY WARRANTY ARISING FROM A COURSE OF DEALING, USAGE OR TRADE PRACTICE. LICENSOR DOES NOT WARRANT THAT THE SERVICE WILL BE ERROR-FREE OR UNINTERRUPTED OR THAT THE SERVICE WILL MEET YOUR REQUIREMENTS. LICENSOR DOES NOT MAKE ANY REPRESENTATION OR WARRANTY REGARDING UPTIME, USE, DATA SECURITY, ACCURACY AND RELIABILITY OF THE SERVICE. YOU ACKNOWLEDGE AND AGREE THAT THIS SECTION 4 IS A REASONABLE AND ESSENTIAL ELEMENT OF THIS E-MAIL AGREEMENT.

5. Indemnification. You shall defend, indemnify and hold Licensor, its subsidiaries, parent, affiliates and its and their officers, directors, employees and agents, harmless against any loss, damage or liability (including without limitation reasonable attorneys’ fees) incurred in connection with claims, demands, suits, or proceedings arising out of or related to Your breach of this E-Mail Agreement or Your use of Your E-mail Address or the Service.

6. Limitation of Liability.

6.1 Limitation of Liability. IN NO EVENT SHALL LICENSOR’S AGGREGATE LIABILITY ARISING OUT OF OR RELATED TO THIS E-MAIL AGREEMENT, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, EXCEED \$100 DOLLARS (U.S.).

6.2 Exclusion of Consequential and Related Damages. IN NO EVENT SHALL LICENSOR HAVE ANY LIABILITY TO YOU FOR ANY LOST PROFITS, LOSS OF DATA, LOSS OF USE, COSTS OF PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES, OR FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES HOWEVER CAUSED AND, WHETHER IN CONTRACT, TORT OR UNDER ANY OTHER THEORY OF LIABILITY, WHETHER OR NOT THE LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

7. Term & Termination.

7.1 Term of E-Mail Agreement. Unless sooner terminated by Licensor, the term of this E-Mail Agreement shall be the same as the term of the Agreement. This E-Mail Agreement and Your right to use the Service shall immediately terminate should Your Agreement with Licensor terminate or expire for any reason. Without limiting its other remedies, Licensor may immediately issue a warning, temporarily suspend, indefinitely suspend or terminate Your access and right to use the Service if You fail to comply with any term or condition of this E-Mail Agreement, the Agreement, or any other agreement between You and Licensor or its affiliates. Licensor may terminate Your right to use the Service for any reason with notice to You.

7.2 Obligations on Termination. It is understood and agreed that upon any termination of this E-Mail Agreement or Your right to use the Service, You shall immediately cease all use of Your E-mail Address and You shall have no right to use Your E-mail Address for any purpose. It is expressly understood that under no circumstances shall You be entitled, directly or indirectly, to any form of compensation or indemnity from Licensor as a consequence of any suspension or termination of this E-Mail Agreement or the Service.

7.3 Surviving Provisions. Sections 3, 4, 5, 6, 7.2 and 8 shall survive the termination or expiration for any reason of this E-Mail Agreement or Your right to use the Service.

8. General Provisions.

8.1 Relationship of the Parties. This E-Mail Agreement does not create a partnership, joint venture, fiduciary, or employment relationship between the parties.

8.2 No Benefit to Others. The representations, warranties, covenants, and agreements contained in this E-Mail Agreement are for the sole benefit of the parties and their respective successors and permitted assigns, and they are not to be construed as conferring any rights on any other persons.

8.3 Notices. All notices under this E-Mail Agreement shall be in writing and shall be delivered as required by the Franchise Agreement.

8.4 Waiver and Remedies. No failure or delay by either party in exercising any right under this E-Mail Agreement shall constitute a waiver of that right. Other than as expressly stated herein, the remedies provided herein are in addition to, and not exclusive of, any other remedies of a party at law or in equity. You acknowledge and agree that there would be no adequate remedy at law for Your use of any Trademark in a manner not authorized by this E-Mail Agreement, or Your failure to cease use of any Trademark as set forth in this E-Mail Agreement, and You agree that in the event of such failure Licensor shall be entitled to seek injunctive relief and such other and further relief as any court with jurisdiction may deem just and proper.

8.5 Severability. If any provision of this E-Mail Agreement is held by a court or arbitrator of competent jurisdiction to be contrary to law, the provision shall be changed by the court or by the arbitrator and interpreted so as best to accomplish the objectives of the original provision to the fullest extent permitted by law, and the remaining provisions of this E-Mail Agreement shall remain in effect as written.

8.6 Assignment. Licensor has the right to transfer or assign this E-Mail Agreement and all or any part of its rights or obligations herein to any person or legal entity. You may not transfer or assign this E-Mail Agreement or any of Your rights or obligations hereunder, whether by operation of law or otherwise, without the prior express written consent of Licensor.

8.7 Governing Law. This E-Mail Agreement shall be interpreted, construed and governed exclusively under the laws of the state in which the Franchised Business is operated, without regard to such state's conflict-of-law rules.

8.8 Venue. Any action, whether or not arising out of, or relating to, this E-Mail Agreement, shall be brought in the judicial district in which Licensor has, at the time of commencement of such action, its principal place of business. You hereby waive all objections to personal jurisdiction or venue for purposes of this Section 8.8 and agree that nothing in this Section 8.8 shall be deemed to prevent Licensor from removing an action from state court to federal court.

8.9 Electronic Signatures. You agree to be bound by any affirmation, assent or agreement you transmit through the Service, and You hereby consent to receive communications from Licensor through electronic transmission, including without limitation the Service. You agree that any time you click on “I agree,” “I consent” or other similarly worded “button” or entry field with Your mouse, keystroke or other computer device in connection with this E-Mail Agreement or the Service, Your agreement or consent will be legally binding and enforceable and the legal equivalent of Your handwritten signature.

8.10 Entire Agreement and Construction. This E-Mail Agreement and any guidelines, policies, procedures or other rules and regulations posted on the Service constitute the entire agreement between the parties as to its subject matter, and supersede all previous and contemporaneous agreements, proposals or representations, written or oral, concerning the subject matter of this E-Mail Agreement. No modification, amendment, or waiver of any provision of this E-Mail Agreement shall be effective unless in writing and signed by both parties hereto; provided, however, Licensor may amend this E-Mail Agreement, in whole or in part, by conspicuously posting the amended E-Mail Agreement on the Service or e-mailing a copy of the amendment to You. Your use of the Service after such posting shall irrevocably constitute your acceptance of such amendment.

EXHIBIT L TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
New York	Pending
Virginia	
Washington	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT M TO
THE CREATIVE GARDENS
DISCLOSURE DOCUMENT

RECEIPTS

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

Except as provided in the paragraph below, if we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Under the laws of New York or Rhode Island, we must provide this disclosure document to you at the earliest of: (a) the first personal meeting to discuss the franchise; (b) 10 business days before you sign a binding agreement with us; or (c) 10 business days before you make any payment to us. Under the laws of Michigan or Wisconsin, we must provide this disclosure document to you at the earliest of: (a) 10 business days before you sign a binding agreement with us; or (b) 10 business days before you make any payment to us.

If we do 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 your state agency listed in Exhibit G. We authorize the agents listed in Exhibit G to receive service of process for us.

The franchise seller(s) offering this franchise is/are checked off below:

- ☐ Wei Christopher Li, 1559B Sloat Blvd # 129, San Francisco, California 94132 (415) 577-8389
- ☐ Agnes Lau, 1559B Sloat Blvd # 129, San Francisco, California 94132 (415) 577-8389
- ☐ Kathleen McFerrin, 3180 Campus Drive, San Mateo, California 94403, (415) 586-5051
- ☐ Bonnie Stewart, 3180 Campus Drive, San Mateo, California 94403, (415) 604-3093
- ☐ _____

Issuance Date: May 4 2025 (If the effective date of this disclosure document in your state is different, it will be listed on the State Effective Dates page in Exhibit L to this disclosure document.)

I have received a disclosure document dated May 4, 2025, that included the following exhibits:

Exhibit A-1	List of Franchisees
Exhibit A-2	List of Former Franchisees
Exhibit B	Financial Statements
Exhibit C	Development Agreement
Exhibit D	Creative Gardens Center Franchise Agreement
Exhibit E	Table of Contents of Operating Manual
Exhibit F	Subordination Agreement
Exhibit G	List of State Administrators and Agents for Service of Process
Exhibit H	Deleted
Exhibit I	State Addenda
Exhibit J	Extranet License Agreement
Exhibit K	E-Mail Use Agreement
Exhibit L	State Effective Dates
Exhibit M	Receipt

Date

Prospective Franchisee

RECEIPT
(RETURN THIS COPY TO CREATIVE GARDENS DE LLC)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

Except as provided in the paragraph below, if we offer you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make payment to, us or an affiliate in connection with the proposed franchise sale. Under the laws of New York or Rhode Island, we must provide this disclosure document to you at the earliest of: (a) the first personal meeting to discuss the franchise; (b) 10 business days before you sign a binding agreement with us; or (c) 10 business days before you make any payment to us. Under the laws of Michigan or Wisconsin, we must provide this disclosure document to you at the earliest of: (a) 10 business days before you sign a binding agreement with us; or (b) 10 business days before you make any payment to us.

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Exhibit K	E-Mail Use Agreement
Exhibit L	State Effective Dates
Exhibit M	Receipt

Date

Prospective Franchisee