FRANCHISE DISCLOSURE DOCUMENT

ESH Strategies Franchise LLC
A Delaware limited liability company
13024 Ballantyne Corporate Place, Suite 1000
Charlotte, NC 28277
(844) 542-4148
franchise@esa.com | www.newesa.com

ESH Strategies Franchise LLC is offering franchises for EXTENDED STAY AMERICA PREMIER SUITES® hotels that provide extended stay and transient guest lodging services for self-sufficient, value conscious guests.

The total investment necessary to begin operation of a newly constructed 124-room EXTENDED STAY AMERICA PREMIER SUITES hotel, excluding real property, is $9,209,755 to $13,800,140. This includes $71,850 to $99,050 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation of a 100-room conversion EXTENDED STAY AMERICA PREMIER SUITES hotel, excluding real property, is $343,300 to $5,638,484. This includes $67,850 to $95,050 that must be paid to the franchisor or affiliate. We may also offer you the right to develop multiple EXTENDED STAY AMERICA PREMIER SUITES hotels under a Development Agreement if you pay a Development Fee based upon the number of hotels you agree to open, which must be at least two hotels. The Development Fee will be an amount determined by multiplying $50,000 by the number of hotels you agree to open under the Development Agreement, which must be at least two.

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, us or our affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact the franchise development team at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277 and (844) 542-4148.

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

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

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

Issuance date: March 28, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit J.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 EXTENDED STAY AMERICA PREMIER SUITES business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be an EXTENDED STAY AMERICA PREMIER SUITES franchisee?	Item 20 or Exhibit J 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 F.

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

Special Risk(s) to Consider About *This* Franchise

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

> **Out-of-State Dispute Resolution**. The Franchise Agreement and Development Agreement require you to resolve disputes with the franchisor by litigation only in the judicial district where its principal place of business is located (currently North Carolina). Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost more to litigate with the franchisor in North Carolina than in your own state.

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

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

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Any questions regarding this notice should be directed to:

State of Michigan
Office of the Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust and Franchise Unit
525 West Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

*NOTE: NOTWITHSTANDING PARAGRAPH (f) ABOVE, WE INTEND TO SEEK ENFORCEMENT OF THE ARBITRATION CLAUSE IN THE FRANCHISE AGREEMENT TO THE FULLEST EXTENT PERMITTED UNDER THE FEDERAL ARBITRATION ACT.

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

To simplify the language in this Disclosure Document "we", "us", "our", "ESH" or "Franchisor" means ESH Strategies Franchise LLC. "We", "us", "our", "ESH" or "Franchisor" does not include the employees, officers, directors or shareholders of us. "You", "your" or "Franchisee" means the person, corporation, partnership, limited liability company or other legal entity that buys the franchise. If you are a corporation, partnership, limited liability company or other legal entity, you include the principal owners of such entity or entities if an owner is required to sign a personal guaranty.

This Disclosure Document is for the right to operate an EXTENDED STAY AMERICA PREMIER SUITES ("Brand") branded hotel or, if you meet certain qualifications, multiple EXTENDED STAY AMERICA PREMIER SUITES hotels under the Development Agreement. Capitalized words not defined in this Disclosure Document are defined in the Franchise Agreement or the Development Agreement, as applicable depending upon the context.

Our Background

We are a Delaware limited liability company formed on September 16, 2010. For purposes of this Disclosure Document, we do business under the name EXTENDED STAY AMERICA®. Our principal business address is 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277 USA. Our telephone number is (844) 542-4148.

We began operating in the hotel business in early 2016. We offered franchises for EXTENDED STAY AMERICA® hotels from August 1, 2017 through March 2021. In March 2021 this mark was modified, and we began offering franchises under only the modified mark - EXTENDED STAY AMERICA SUITES®. We began offering franchises for the EXTENDED STAY AMERICA PREMIER SUITES brand in March 2021. This brand features upgraded amenities and targets higher-rated extended stay guest segments. In September 2022, we also began offering franchises for the EXTENDED STAY AMERICA SELECT SUITES® brand which features more limited amenities and targets cost-conscious extended stay guest segments. We have never owned or operated EXTENDED STAY AMERICA SUITES hotels, EXTENDED STAY AMERICA PREMIER SUITES hotels, EXTENDED STAY AMERICA SELECT SUITES hotels or other businesses of the type being franchised. Those businesses are owned and operated by our affiliates as described below.

As of March 1, 2023 our affiliate ESH Hospitality, Inc. ("ESH Hospitality"), directly or through its subsidiaries, owned and operated 663 hotels. As of this date, 25 of these hotels were operated under the EXTENDED STAY AMERICA PREMIER SUITES brand, 550 of these were operated under the EXTENDED STAY AMERICA SUITES brand, and 87 of these were operated under the EXTENDED STAY AMERICA SELECT SUITES brand and the remainder were franchised and operated under other brands. Our affiliate, ESA Management LLC ("ESA Management") manages the owned properties that operate under our various EXTENDED STAY AMERICA brands as well as a limited number of franchisee-owned hotels.

Our Parents, Affiliates and Predecessors

We are a wholly-owned subsidiary of ESH Hospitality Strategies LLC ("Strategies"). The principal business address of Strategies is 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277.

Strategies is a wholly owned subsidiary of Eagle Strategies Holdings LLC ("Eagle"). Eagle is owned equally by Eagle Parent Holdings 6, L.P. ("EPLP"), which is affiliated with various entities related to BSS

SCG GP Holdings, LLC ("SCG") as described below, and B9 Eagle NR LLC ("NR"), which is affiliated with various The Blackstone Group, Inc. entities as described below. Eagle's principal business address is 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277.

SCG Affiliation

The general partner of EPLP is Eagle Parent GP 6, L.L.C. ("EPGP"), which is owned by SOF-XI Eagle Parent Holdings 6, L.P. ("XI") and SOF-XII U.S. NRE Holdings, L.P. ("XII"). The general partner of XI is Starwood XI Management Holdings GP, L.L.C. ("XIGP"). The general partner of XII is SOF-XII Holdings GP, L.L.C. ("XIIGP"). The ultimate parent company of XIGP and XIIGP is SCG. The principal business address of EPLP, EPGP, XI, XIGP, XII and XIIGP is 591 West Putnam Avenue, Greenwich, CT 06830. The principal business address of SCG is 2340 Collins Avenue, Miami Beach, FL 33139.

Entities related to SCG are engaged in a variety of business activities in the lodging and hospitality industry, including, but not limited to, ownership and/or management of portfolios of full-service and luxury resort properties and extended stay properties operating under various names in different parts of the United States, the Caribbean, Europe and Asia. Except as disclosed below, none of these entities that are related to SCG currently offer franchises for these brands. Given the diversity and breadth of the assets under management by entities related to SCG, it is possible that one of the related entities may offer franchises in the lodging or hospitality industry.

Some of the properties operating through entities related to SCG are franchised and operated under license agreements with competitors of ours and our affiliates. Guest lodging properties franchised by or operating through current or former affiliates of SCG may currently or in the future be located in the market areas of EXTENDED STAY AMERICA SUITES Hotels. These guest lodging properties may compete with you.

Yotel Affiliation

SCG through various affiliates also indirectly owns an interest in Yotel Limited. Yotel Limited is the franchisor of the Yotel, Yotel Air and Yotel Pad branded hotels and may be considered an affiliate of ours. Yotel Limited began offering franchises for Yotel, Yotel Air and Yotel Pad hotels in the United States and other global markets beginning in the third quarter of 2020. Yotel Limited has never operated any of the hotels referred to in this paragraph nor has it has offered franchises in any other line of business. Its principal business address is 90 High Holborn, London, England, WC1V 6LJ.

Blackstone Affiliation

NR is wholly owned by B9 Eagle NR LP ("NRLP") whose general partner is B9 Eagle NR GP LLC ("NRGP"). Blackstone Real Estate Partners IX-TE (AIV) L.P. ("TE") and Blackstone Real Estate Partners IX.F L.P. ("FLP") collectively own more than a majority of, and are the two largest owners of, NRLP and NRGP. The ultimate parent company of TE and FLP is Blackstone Inc. ("BX"), which is a publicly held company. The principal business address of NR and all of the remaining entities referred to in this paragraph is 345 Park Avenue, New York, New York 10154.

Entities related to BX are engaged in a variety of business activities in the lodging and hospitality industry, such as ownership of a portfolio of select-service, full-service and luxury resort properties operating under various names in different parts of the United States, Canada, the Caribbean, Latin America, Asia and Europe. Except as disclosed below, none of these entities that are related to BX currently offer franchises for these brands. Given the diversity and breadth of the assets under management by entities related to BX, it is possible that one of the related entities may offer franchises in the lodging or hospitality industry.

Some of the properties operating through entities related to BX are franchised and operated under license agreements or management agreements with competitors of ours and our affiliates. Guest lodging properties franchised by or operating through current or former affiliates of BX are currently or may in the future be located in the market areas of EXTENDED STAY AMERICA PREMIER SUITES Hotels. These guest lodging properties may compete with you.

G6 Affiliation

BX through various affiliates also indirectly owns G6 Hospitality Franchising LLC ("G6"), formally known as Accor Franchising North America, LLC. G6 is the franchisor of the Motel 6 and Studio 6 franchised lodging brands. G6 began offering franchises for Motel 6 motels in January 2005. It began offering franchises for Studio 6 extended stay motels and Studio 6 suites motels in January 2005. As of December 2022, affiliates of G6, owned and operated 4 Motels 6 motels in the United States; however G6 has never operated any of the motels referred to in this paragraph. As of that date, there were 207 franchised Motel 6 motels, 176 franchised Studio 6 Extended Stay motels and 12 franchised Studio 6 Suites motels in the United States. G6's principal business address is 4001 International Parkway, Carrollton, Texas 75007. It has never offered franchises in any other line of business.

G6 has various foreign affiliates that offer franchises outside the United States. G6's affiliate, G6 Hospitality Franchising Canada L.P. ("G6 Canada"), formally known as Accor Canada, Inc., through its master franchisee, has offered franchises in Canada for the Motel 6 brand since September 2001 and for Studio 6 brands since April 2002. As of December 31, 2022 G6 Canada's master franchisee had subfranchised 34 Motel 6 motels and 2 Studio 6 Extended Stay motels in Canada. As of December 31, 2022, G6 Canada's affiliate owned or operated no Motel 6 motels and no Studio 6 extended stay motels in Canada. G6's affiliate G6 Hospitality International, Inc., has offered transient economy lodging franchises in Latin America, including Mexico, Central America and South America under the brand names Hotel 6 and estudio 6 since 2014. G6's affiliate, G6 Hospitality International India, Inc. has offered transient economy lodging franchises in India under the brand name, Hotel 6, Motel 6, and Studio 6 since 2017. As of December 31, 2022, there were no open or operating properties under these brands in Mexico, Latin America, Central America, South America or India. Except as disclosed in this paragraph, the G6 affiliated entities referred to in this paragraph have never operated any of the motels referred to in this paragraph. None of these entities have offered franchises in any other line of business. All of these entities have the same principal business address as G6.

We have no predecessors required to be disclosed in this Disclosure Document.

Our Agents for Service of Process

Our agents for service of process in the states whose franchise laws require us to name an agent for service is shown on Exhibit F.

Our Hotel Franchises & The Business We Offer

This Disclosure Document describes our franchises for EXTENDED STAY AMERICA PREMIER SUITES hotels (each, a "Hotel"), which will operate in the United States under the Brand providing extended stay and transient guest lodging services. There are two programs – a single-unit Hotel franchise program, and a multiple-unit development Hotel program.

"Brand Hotels" are the hotels operating under the System using the Brand (i.e., the EXTENDED STAY AMERICA PREMIER SUITES hotels). "Network Hotels" are the Brand Hotels and other hotels, inns, conference centers, timeshare properties or other similar facilities within the network that we or our

affiliates own, franchise, license, lease, operate or manage whether under the Brand or under other brands.

Under the Franchise Agreement attached as Exhibit A ("Franchise Agreement"), we grant you a non-exclusive right to use the System (as defined below) and to construct or convert and operate a Hotel as a Brand Hotel at a Site in accordance with the Franchise Agreement. The "Site" is the real property on which the Hotel is located or to be located, as approved by us. Generally, for new-build hotels, the "Term" of the Franchise Agreement will be for 20 years from the "Opening Date" of the Hotel, and will expire on the last day of the Term; for hotels converted from other brands or purchased from ESH Hospitality, the Term will be determined by us based on the current age, condition and location of the property. In either case, you have no right to extend or renew the Term.

If we offer you the right to develop multiple Hotels, you will enter into a Development Agreement with us of the type contained in Exhibit B ("Development Agreement"). Under the Development Agreement, we will assign you a territory ("Development Territory") within which you must open and operate a designated number of Brand Hotels within the specified periods of time listed in the Development Schedule (see Exhibit A to the Development Agreement). The Development Territory may include existing Brand Hotels. For each Hotel to be developed under the Development Schedule, you must sign our then-current form of Franchise Agreement each time you develop a Hotel, which may contain terms that are different from the Franchise Agreement attached as Exhibit A, within the times specified in the Development Schedule (without extension).

EXTENDED STAY AMERICA PREMIER SUITES hotels are designed to provide an affordable and attractive alternative to traditional lodging or apartment accommodations and are targeted toward self-sufficient, value conscious guests. Our hotels feature fully furnished rooms with in-room kitchens, complimentary breakfast, free WiFi, flat screen TVs and on-site guest laundry. Our guests include business travelers, leisure travelers, and professionals on temporary work or training assignments, persons relocating, temporarily displaced or purchasing a home and anyone else in need of temporary housing.

The "System" consists of the elements, including know-how, that we designate to distinguish hotels operating under the Brand that provide to the consuming public extended stay and transient guest lodging services. We may modify, amend or supplement the System at any time. The System currently includes the Marks, Confidential Information and the Standards; access to a reservation service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for our inspection of the Hotel and consulting with you.

Except for the franchises described above, we, our parents and affiliates have not offered franchises for this or any other type of business and we do not engage in any business not described in this Item 1.

The Market and Competition

The lodging industry, including the extended stay segment, is highly competitive. Competition is based on a number of factors, including room rates, quality of accommodations, service levels, convenience of location, reputation, reservation systems, brand recognition, supply and availability of alternative lodging and ability to reach potential guests through multiple channels. Competitors include traditional hotels and lodging facilities (including limited service hotels), other purpose-built extended stay hotels, and alternative lodging (including serviced apartments and private homes, rooms and apartments rented on the internet).

The lodging industry is generally cyclical and its fundamental performance tends to follow the economy. There is a history of increases and decreases in demand for hotel rooms, occupancy levels and rates realized by owners of hotel properties through economic cycles. Variability of results through some economic cycles in the past has been more severe due to changes in the supply of hotel rooms in given markets or in given

categories of hotels. The combination of changes in economic conditions and in the supply of hotel rooms can result in significant volatility in results of operations for owners and operators of hotel properties.

Laws, Rules and Regulations

Your hotel may be subject to federal, state and local laws, rules and regulations applicable to businesses generally and those specific to the hotel industry, including laws related to data privacy and security, license, certificate and permit requirements for hotel and restaurant operation and occupancy, laws regulating the posting of hotel room rates, hotel room occupancy tax laws, and laws applicable to public accommodations and services such as the Americans with Disabilities Act ("ADA"). There may be other laws, rules and regulations which apply to the hotel industry or businesses in general that will affect you. Your business is also subject to state and federal regulations that allow the government to restrict travel and/or require businesses to close during state or national emergencies. Because your business is operated from a destination to which your customers must travel, your business can be affected by such orders more than others. Consult your lawyer to discuss the laws, rules and regulations. Discuss with your architect the ADA and state and local accessible facilities requirements.

ITEM 2
BUSINESS EXPERIENCE

The place of employment for the following individuals is Charlotte, North Carolina.

Greg Juceam – President

Mr. Juceam has served as our President since February 2022. Mr. Juceam has also served as President and Chief Executive Officer for ESA Management, LLC and ESH Hospitality since February 2022 in Charlotte, NC. Mr. Juceam has also served as Chief Operating Officer for ESA Management since November 2021. From July 2018 to November 2021, Mr. Juceam served as President and Chief Operating Officer for G6 Hospitality LLC in Carrollton, TX. From May 2017 to July 2018, Mr. Juceam was Chief Executive Officer for WHM LLC dba BRE Hotels and Resorts in Boca Raton, FL.

David Clarkson – Vice President and Treasurer

Mr. Clarkson has served as our Vice President and Treasurer since September 2020. Mr. Clarkson has also served as Executive Vice President and Chief Financial Officer for ESH Hospitality and ESA Management since September 2021 in Charlotte, NC. From September 2020 to September 2021, Mr. Clarkson served as Chief Financial Officer for ESH Hospitality and ESA Management in Charlotte. From September 2020 to June 2021, Mr. Clarkson served as Chief Financial Officer for ESA Inc. in Charlotte, NC. From September 2015 to September 2020, Mr. Clarkson served as Treasurer and Vice President of Financial Planning & Analysis for ESA Management.

Christopher N. Dekle – Vice President and Secretary

Mr. Dekle has served as our Vice President and Secretary since June 2018. Mr. Dekle has also served as Chief Legal Officer, Executive Vice President and Corporate Secretary for ESA Management and ESH Hospitality since September 2021 in Charlotte, NC. From June 2018 to September 2021, Mr. Dekle served as General Counsel and Corporate Secretary for ESA Management and ESH Hospitality in Charlotte, NC. From June 2018 to June 2021, Mr. Dekle served as General Counsel and Corporate Secretary for ESA Inc. in Charlotte, NC. From October 2013 to May 2018, Mr. Dekle served as Deputy General Counsel, Vice President for ESA Management and Assistant Secretary of ESA Inc. and ESH Hospitality, and their predecessors.

William E. Hashe – Vice President, Tax

Mr. Hashe has served as our Vice President of Tax since May 2018. Mr. Hashe has also served as Vice President of Tax for ESA Management and ESA Hospitality since March 2015 in Charlotte, NC. From March 2015 to June 2021, Mr. Hashe also served as Vice President of Tax for ESA Inc. in Charlotte, NC.

Liz Uber – Executive Vice President, Chief Operating Officer, ESA Management

Ms. Uber has served as Executive Vice President, Chief Operating Officer for ESA Management since December 2022 in Charlotte, NC. From September 2019 to December 2022, Ms. Uber served as Senior Vice President of Operations for Aimbridge Hospitality in Plano, TX. Prior to that, she served as Vice President of Asset Management at BRE Hotels & Resorts in New York, NY from September 2016 to September 2019.

Kelly Poling – Executive Vice President, Chief Commercial and Brand Officer, ESA Management

Ms. Poling has served as Executive Vice President, Chief Commercial and Brand Officer for ESA Management since September 2021 in Charlotte, NC. From January 2020 to September 2021, Ms. Poling served as Executive Vice President and Chief Commercial Officer for ESA Management in Charlotte, NC. From January 2020 to June 2021, Ms. Poling also served as Executive Vice President and Chief Commercial Officer for ESA Inc. in Charlotte, NC. From May 2017 to December 2019, Ms. Poling served as Chief Executive Officer for Premier Worldwide Marketing in Miami, FL.

John Laplante – Executive Vice President, Chief Information Officer, ESA Management

Mr. Laplante has served as Executive Vice President and Chief Information Officer for ESA Management in Charlotte, NC since September 2022. From June 2020 to September 2022, Mr. Laplante served as Executive Vice President Digital Commerce and Chief Information Officer for G6 Hospitality LLC located in Carrolton, TX. From January 2017 to June 2020, Mr. Laplante served as Vice President of IT Program Management Center Contact Center for G6 Hospitality LLC.

Mike Moore – Executive Vice President, Chief Human Resources Officer, ESA Management

Mr. Moore has served as the Chief Human Resources Officer for ESA Management since October 2022 in Charlotte, NC. From May 2021 to October 2022, Mr. Moore served as Chief Human Resource Officer for G6 Hospitality LLC in Carrollton, TX. From January 2016 to May 2021, Mr. Moore served as Vice President-HR Enterprise Operations for G6 Hospitality LLC.

Mark E. Williams – Managing Director, Franchise Development, ESA Management

Mr. Williams has served as Managing Director, Franchise Development for ESA Management since June 2020 in Charlotte, NC. From June 2020 to June 2021, Mr. Williams served as our Managing Director, Franchise Development in Charlotte, NC. From October 2017 to June 2020, Mr. Williams served as Senior Vice President of Franchise Development for Radisson Hotel Group in Minnetonka, MN. From September 2016 to October 2017, Mr. Williams served as Vice President for Red Lion Hotel Company in Coral Springs, FL.

Andy Stull – Senior Director, Franchise Services, ESA Management

Mr. Stull has served as Senior Director of Franchise Services for ESA Management since March 2020 in Charlotte, NC. From March 2020 to June 2021, Mr. Stull served as our Senior Director of Franchise

Services in Charlotte, NC. From September 2014 to March 2020, Mr. Stull served as Vice President of Operations for MTP Hospitality Solutions in Midland, TX.

ITEM 3
LITIGATION

Other than the actions described below, there is no litigation that must be disclosed in this Item.

Latreass "Lisa" Brittian v. ESA Management LLC, et al., Civil Action No. 3:22-cv-00663-MOC-DCK (W.D.N.C.). On December 12, 2022, Brittian filed a class action complaint against several of our affiliates, a franchisee and the franchisee's management company in the United States District Court for the Western District of North Carolina. On February 3, 2023, she filed a corrected class action complaint and named ESH Strategies Franchise LLC as a defendant. Plaintiff purports to bring claims individually, on behalf of a nationwide class, and on behalf of a Georgia Subclass relating to what she alleges is an unfair practice with respect to prepaid reservations at Extended Stay America branded hotels. She purports to bring two common law claims (Count I for breach of contract and Count II for unjust enrichment); one statutory claim arising under North Carolina Law (Count III for violation of North Carolina's Unfair and Deceptive Trade Practices Act); and two statutory claims arising under Georgia law (Count IV for violation of Georgia's Uniform Deceptive Trade Practices Act and Count V for violation of Georgia's Fair Business Practices Act). Plaintiff seeks to certify a nationwide class as to Counts I through III and a Georgia subclass as to Counts IV and V. She seeks compensatory and general damages, special damages, restitution and disgorgement, injunctive relief and interest and attorneys' fees and costs, in unspecified amounts. On Friday, February 10, 2023, we filed on behalf of ourselves and our affiliates, a motion to dismiss Counts IV and V (the two Georgia state law claims). We intend to vigorously defend against this action.

Thomas R. Calcagni, Acting Attorney General of the State of New Jersey, et al. v. ESA P Portfolio L.L.C., et al., in the Superior Court of New Jersey, Chancery Division, Mercer County, Docket No. MER-C-95-12 alleged that from October 28, 2012 through November 5, 2012, a Brand Hotel owned by ESH Hospitality and managed by ESA Management (our then affiliate) increased room prices by more than 10% compared to prices charged before the state of emergency imposed by the state of New Jersey due to Hurricane Sandy. Plaintiffs claimed that the hotel engaged in unconscionable commercial practices and charged excessive prices during the state of emergency, a violation of N.J.S.A. 56:8-109. On July 15, 2013 the parties entered into a consent judgment which provided for the payment of restitution in the amount of $2,006.20 and civil penalties and reimbursement of fees to the state of New Jersey of $61,879.77. The defendants agreed not to engage in unfair or deceptive acts and comply with state of emergency policies.

ITEM 4
BANKRUPTCY

No bankruptcies are required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Initial Franchise Fee

All prospective franchisees must complete an application for a Brand Hotel ("Application"), whether for new development, conversion from another brand, or change of ownership of an existing Brand Hotel (including if you purchase an existing Brand Hotel from us or an affiliate). When you submit the Application to us for processing, you must also pay an initial fee ("Initial Franchise Fee"). Currently, the Initial Franchise Fee is $50,000, generally payable in two installments of (a) $10,000 when you submit your

Application, and (b) $40,000 before execution of your Franchise Agreement. Each installment of the Initial Franchise Fee is non-refundable except as described in this Item 5.

You must provide all the information we ask for in your Application. If we approve your Application before you supply all of the information, our approval will be conditioned on receiving the rest of the information within the time we specify. If you fail to provide the rest of the information within the specified time, we may terminate our offer. If we approve your Application subject to certain requirements, we may terminate our offer if you fail to meet those requirements. If we terminate our offer, we will not refund any amounts you have paid to us. If you withdraw your Application before we approve it, or if we deny your Application, we will refund the first installment, without interest, less a $5,000 processing fee, which we may waive or reduce in our discretion, so long as you sign a general release.

We may elect to negotiate the Initial Franchise Fee after considering criteria which may include: incentives for the development of multiple hotels within the System, market location and strength of market, the property size and the number of hotels in the System operated by a franchisee or for a franchisee with whom we have previously had dealings, for conversion or from franchisees in other unique circumstances. But, we are not obligated to negotiate the Initial Franchise Fee, even for franchisees possessing all or some of the above characteristics. During our previous fiscal year, franchisees paid Initial Franchise Fees ranging from $15,000 to $50,000.

Development Fee

If we enter into a Development Agreement with you, you must pay us a Development Fee when you sign the Development Agreement. The Development Fee is equal to the Initial Franchise Fee ($50,000) multiplied by the minimum number of Brand Hotels to be developed, which is at least 2 Brand Hotels. We will credit $50,000 of the Development Fee against the Initial Franchise Fee for each Franchise Application that we approve. A copy of the Development Agreement is attached as Exhibit B. The Development Fee is nonrefundable.

Extension Fee

You can extend the Construction Commencement Date, Renovation Commencement Date, Construction Work Completion Date, and Renovation Work Completion Date for your Hotel on a 90-day rolling basis, unless we provide you with at least 30 days' notice that these automatic extensions of the applicable deadline no longer apply. To extend the applicable date you must otherwise be in compliance with the Franchise Agreement and pay us our then current extension fee and take such other steps we may require. The extension fee is currently $5,000 per extension, is payable on demand, and is not refundable.

Pre-Opening Inspection Fee

Before you may open your Hotel as a Brand Hotel we will conduct a final inspection of the Hotel within 30 days after you give us notice that the Hotel is ready to open for business. You must reimburse us for the costs and expenses we incur to conduct the inspection. If you fail and we need to come back for another inspection you must reimburse us for the costs and expenses we incur to conduct the other inspections. These amounts are payable upon demand and are not refundable.

Other Fees

You must pay us a Project Management Fee of $5,000 plus reimburse us for any third party expenses to manage the delivery and installation by third party vendors of the reservation, property management and payment systems the Hotel will use in its operations. This fee is nonrefundable. One-half is payable when

you sign the Hotel Technology Agreement and the remainder upon completion of the project. Any third party expenses we incur are not included in the Project Management Fee and must be paid by you to us upon receipt of an invoice. For example, you must pay to us and we will pay to the applicable supplier ongoing monthly charges for your PMS.

If you elect to use an information technology vendor that we have not approved to provide services at the Hotel, you must pay us an Information Technology Certification Fee of between $2,000 and $5,000 plus reimburse us for any third party expenses to approve the vendor. The fee is nonrefundable and payable before we begin the review process.

You must pay us a site visit fee of $6,000 before we begin to perform our three site visits to review your construction progress. For a conversion Hotel, depending on the scope of renovation required, you must pay us a site visit fee of $2,000 before we perform a site visit at your Hotel during renovation. In either case, this fee is nonrefundable and is payable before our first visit. You may request our construction team perform additional site visits at the cost of $2,000 per visit.

You must pay us a site visit fee of $2,000 before we perform a site visit to review and certify your information technology infrastructure. We may require up to two site visits to certify your information technology infrastructure depending on the scope of the review required. This fee is nonrefundable and is payable before each site visit.

You must pay us $1,900 per individual for each individual that you send to our GM Certification program. This amount is nonrefundable and is due before the individual attends the training. If you would like additional training before the Hotel opens we will charge you our then-current hourly training fee which is currently $200 per hour plus reimbursement of our travel and lodging costs if the training is performed at a location other than our corporate headquarters.

ITEM 6
OTHER FEES

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
Royalty (See Note 1)	5% of Gross Room Revenue.	15th day of the following month.	
System Services (See Note 2)	5% of Gross Room Revenue.	15th day of the following month.	We may change the System Services Fee.
Project Management Fee	$5,000 plus any third-party fees charged to us.	One-half when you sign the Hotel Technology Agreement and the remainder upon receipt of an invoice.	We will manage the delivery and installation by third party vendors of the reservation, property management and payment systems the Hotel will use in its operations. See Exhibit C of the Hotel Technology Agreement.
Information Technology Vendor Certification Fee	$2,000-$5,000 depending on scope of process plus any third party fees charged to us.	Before we begin our evaluation.	Only payable if you want to use an information technology vendor that is not an approved supplier.

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
Liquidated damages for opening your Hotel before the Opening Date	$5,000 per day until you have cured the pre-opening defaults, plus reimbursement of all of our costs and expenses.	Lump Sum.	See Franchise Agreement Section 4.4.3.1. You may not open the Hotel until we authorize you to open. We refer to this date as the "Opening Date".
Training	Varies.	On Demand.	See Item 11. We currently charge $1,900 per individual for each individual you send to our GM Certification program. Otherwise, we will charge our then current hourly rate for training which $200 per hour plus travel and lodging costs.
Booking and Commissions (See Note 3)	Varies.	On Demand.	
Actual damages under special circumstances	Varies.	On Demand.	Payable under certain circumstances for the termination of your Franchise Agreement.
Quality Assurance Re-Inspection Fee	$ 1,000 plus reimbursement of all of our expenses for the first re-inspection and $3,000 plus reimbursement of all of our expenses for the second re-inspection.	On Demand.	Payable if you fail a Quality Assurance Audit and we perform a re-inspection following your cure of any deficiencies. See Franchise Agreement Section 6.4.
Training Fee	$4,000-$7,500.	On demand but before the remedial training.	Only due if your Hotel fails our Quality Assurance inspection and we require you to attend remedial training.
Guest Complaint Fee	$150 plus reimbursement for any compensation paid to guest.	On Demand.	Payable if you fail to satisfactorily address a guest complaint within 72 hours of notification.

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
Audit	Actual deficiency plus interest.	On Demand.	Payable if audit reveals that you understated or underpaid any payment due to us which is not fully offset by overpayments. You must also reimburse us for all inspection and audit costs or if we determine that your accounting procedures are deficient.
Default Remedies	Reimbursement of all of our expenses.	Case by case basis as incurred.	Our expenses may include attorneys' fees, court costs, and other expenses reasonably incurred to protect us and our affiliates or to remedy your default.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including reasonable attorneys' fees).	On Demand.	You must reimburse us for all amounts we may incur if you lose or compromise Data or fail to comply with data protection or privacy laws or the Standards, if we are held liable for any of your actions, for your default under an agreement with us, due to a claim against you or your affiliates, and for any damages we incur related to you, the Hotel, the Site the Franchise Agreement or any other agreement.
Insurance	Actual amount.	On Demand.	Payable if you do not obtain or maintain the required insurance or policy limits described in the Standards and we choose to obtain and maintain the insurance for you.
Insurance Procurement Penalty	Cost of insurance plus any other costs we incur to obtain or maintain it.	As incurred.	If you do not maintain the required insurance or policy limits described in the Standards and we choose to obtain and maintain the insurance for you.
Liquidated damages for early termination (See Note 4)	Number of rooms specified in Exhibit A to Franchise Agreement multiplied by $3,000.	Within 10 business days of termination.	Payable if termination is before the end of the first 12 month period measured from the first day of the month after the Hotel opens. We refer to these successive periods as "Operating Periods".

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
	Determined by multiplying 5 by Royalty Fees payable during the 12 full calendar months immediately preceding the date of termination.	On Demand.	Payable if termination is after the 1st Operating Year, but with more than 5 Operating Years remaining in the Term.
	Determined by multiplying number of days left in the term of the Franchise Agreement by the average daily Royalty Fee payable during the 12 full calendar months immediately preceding the date of termination.	On Demand.	Payable if termination occurs with less than 5 Operating Years remaining in the term of the Franchise Agreement.
Interest on Late Payments	1.5% per month (or the maximum interest permitted by Law) .	On demand.	Payable on all overdue amounts. Interest accrues from the original due date until payment is received in full.
Public offering or private placement processing	Third party costs we incur in review of materials.	When you submit a request for our approval.	
Taxes	Actual amounts.	On Demand.	Payable if any sales, use, gross receipts or similar tax is imposed on us for the receipt of any payments you must make to us under the Franchise Agreement.
Comfort Letter	Currently, $1,500.	When you submit a request for a comfort letter.	See Franchise Agreement Section 4.5.
Room Addition Fee	Currently, $500 per Guest Room.	Upon our approval of your application to increase number of Guest Rooms.	See Franchise Agreement Section 4.6.3.

(Column 1) **Type of Fee**	(Column 2) **Amount**	(Column 3) **Due Date**	(Column 4) **Remarks**
Supplier Review Fee	Our costs to conduct the review.	Upon receipt of an invoice but before we approve or disapprove the proposed supplier or Supplies.	Payable only if you ask us to evaluate whether to approve or disapprove a proposed unapproved supplier or Supplies. If you request us to review an information technology vendor this fee would not be applicable but you would pay the Information Technology Certification Fee.
Consultation Services	Our then current hourly rate plus our out of pocket costs to provide the services .	Upon receipt of an invoice.	Only payable if you ask us to provide consulting or advisory services to you.
Costs of Enforcement of Defense	All costs including any attorneys' fees. Amount will vary under circumstances.	Upon demand.	If we incur these fees in enforcing any provision of the Franchise Agreement against you, including any incurred in collecting amounts you owe us or if we terminate the Development Agreement.
Transfer Fee	Then-current initial franchise fee, if applicable, as of transfer.	Before the transfer is completed.	You only pay this fee is you want to transfer your Franchise Agreement or the Development Agreement.
Third Party Technology Supplier Costs	Varies based upon service or system.	Upon receipt of an invoice.	The cost to obtain and maintain certain technology, (such as your property management system), you will use at your Hotel is collected by us from you and paid to the supplier.
Guest Programs	All fees we charge for these programs.	Upon receipt of an invoice.	Only payable if we institute guest complaint resolution programs or other quality assurance programs.

Unless otherwise indicated, all fees described in this Item 6 are payable to, and imposed by, us and are nonrefundable. Other than the Royalty and liquidated damages, the fees are subject to change. We can require you to pay fees by electronic funds transfer/direct debit of account or other similar method. Other franchisees may pay different amounts depending on various factors including when they come into the System.

NOTE 1: "Gross Room Revenue" means revenues attributable to or payable for the use or occupancy of the Guestrooms at the Site, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, revenue derived from the redemption of points or rewards under loyalty programs, amounts attributable to meals when the room rate

includes meals, mandatory guest fees, group booking rebates or commissions, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue and other cancellation fees which are collected, and any miscellaneous fees charged to all guests regardless of the accounting treatment of such fees, but excluding sales taxes, room taxes or other taxes collected by you from customers for transmittal to appropriate taxing authorities. Gross Room Revenue also excludes revenue derived from vending, laundry exchange, and laundry machines. Gross Room Revenue must be accounted for in accordance with the Uniform System of Accounts for The Lodging Industry, Eleventh Revised Edition, 2014 (the "2014 11th Edition"), as published by the Hotel Association of New York City, Inc., except as otherwise provided in the accounting procedures in the Standards.

NOTE 2: The System Services Fee pays for the services that we provide to Brand Hotels as we determine. For example, we may use the System Services Fee to pay for (i) advertising, promotion, publicity, public relations, and other marketing programs, (ii) developing and maintaining the ESA Website; (iii) developing and maintaining the Reservation Service systems and support; (iv) quality assurance programs; (v) national sales; (vi) revenue management systems and support; (vii) information systems development, deployment, and support; (viii) training; (ix) market research and product development; (x) franchisee support programs; (xi) costs and overhead related to the administration or direction of these projects and programs; and (xii) any other programs that we determine will benefit the System. We may create any programs and allocate monies derived from System Services Fees to any regions or localities. The System Services Fee does not cover your costs of participating in programs (whether mandatory or optional) that we offer or require and do not choose to fund through the System Services Fee. The System Services Fee also does not cover the cost of operating the Hotel in accordance with the Standards.

NOTE 3: We will pass through charges that we receive from third parties for reservations made through third-party intermediaries.

NOTE 4: When calculating liquidated damages the full Royalty Fees and System Services Fees will be used for the calculation even if we had provided you with a temporary reduction or abatement in Royalty Fees or System Services Fees. If the Hotel is taken or condemned or damaged by fire or other casualty and the repair cost exceeds the insurance coverage limits in the Standards, and you and your owners fail to timely sign a termination agreement, you must pay us liquidated damages calculated based upon the time of the taking, condemnation, fire or other casualty. You must also pay us a portion of the insurance proceeds to compensate us for lost revenue.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
(New Construction Hotel)

(Column 1) **Type of Expenditure**	(Column 2) **Amount**	(Column 3) **Method of Payment**	(Column 4) **When Due**	(Column 5) **To Whom Payment Is to be Made**
Initial Franchise Fee (See Note 1)	$50,000	2 installments	1. $10,000 with Application. 2. $40,000 before execution of Franchise Agreement.	Us
Market and Feasibility Study (See Note 2)	$5,000 - $10,000	As required	As required	Supplier
Environmental Study (See Note 3)	$1,900 - $3,000	As required	Before purchase	Supplier
Real Property (See Note 4)	(See Note 4)	As incurred	As incurred	As incurred
Permit, Tap, and Impact Fees	(See Note 5)	As incurred	As incurred	Local government
Improvements (See Note 6)	$7,899,280- $11,516,140	As incurred	As incurred	Suppliers
Professional Fees (See Note 7)	$125,000 - $200,000	As incurred	As incurred	Suppliers
Insurance (See Note 8)	$17,500 - $55,000	As arranged	As arranged	Agent/Insurer
Licenses	$25-$10,000	As imposed	Before opening	Appropriate government agencies
Furniture, Fixtures and Equipment (“FF&E”)	$500,000- $930,000	As arranged	As arranged	Suppliers
Operating Supplies and Equipment (“OS&E”)	$150,000 - $230,000	As arranged	As arranged	Suppliers
Technology and Entertainment Costs (See Note 9)	$221,150 - $393,000	As arranged	As arranged	Us and Suppliers
Pre-opening Training (See Note 10)	$1,900 - $8,000	Lump sum	As incurred	Us
Other pre-opening Expenses (See Note 11)	$55,000 - $120,000	As incurred	As incurred	Suppliers
Construction/Renovation Extension Fees (See Note 12)	$0 - $5,000	Lump sum	With extension approval	Us

(Column 1) **Type of Expenditure**	(Column 2) **Amount**	(Column 3) **Method of Payment**	(Column 4) **When Due**	(Column 5) **To Whom Payment Is to be Made**
Additional Funds – 3 months (See Note 13)	$175,000 - $250,000	As incurred	As incurred	N/A
Information Technology Certification Fee (See Note 14)	$0 - $6,000	As arranged	Before we begin the approval process	Us
Mandatory Construction Site Visit Fees (See Note 15)	$6,000 - $10,000	As arranged	As arranged	Us
Mandatory Site Visits for Information Technology Certification (See Note 16)	$2,000- $4,000	As arranged	Before our first visit	Us
TOTAL (See Note 17)	**$9,209,755 – $13,800,140 (excluding real property costs)**			

NOTE 1: The Initial Franchise Fee pays for the services that we will provide to you before the opening of the Hotel. Except as disclosed in Item 5, this payment is non-refundable. All other amounts disclosed in this chart are non-refundable. Developers should expect to incur the estimated investment above for your first Brand Hotel that is developed. You will also pay a one-time Development Fee as described in Item 5. This is the only additional initial investment under the Development Agreement. Your initial investment for your second and subsequent Brand Hotels likely will be higher than the estimates listed in the chart for your first Hotel due to inflation and other economic factors that may vary over time.

NOTE 2: You may wish to retain a third-party consultant to estimate the anticipated cash flows that the Hotel will generate, based on the consultant's analysis of the supply and demand characteristics of the local market and forecasted operating and market conditions.

NOTE 3: Before you purchase real property, you may wish to retain a third-party consultant to evaluate any potential environmental risks and liabilities and remediation costs. This estimate includes the cost of a Phase I Environmental Site Assessment. The cost of a Phase II Environmental Site will vary based on Site specific factors.

NOTE 4: Given the multiple variables associated with the cost of real property, we do not have a valid means for estimation. Some of the largest attributes to these variables are geographic location; overall site size and buildable size; required civil work; grading and excavation; impact fees; setbacks and easements; and local jurisdiction regulations. Other considerations would include whether the land is being purchased or leased and related financing requirements. Our current prototype of 124 rooms and four stories will generally require at least 2.0 acres.

NOTE 5: The permits, tap and impact fees you must pay to construct or operate the Hotel vary depending on the local government authorities that impose them.

NOTE 6: Improvements include costs of constructing the Hotel building and facilities, including low voltage cabling and Builder's Risk Insurance. These costs do not include site work which will vary widely depending on material costs, labor costs, pace of construction and other factors.

NOTE 7: You will incur professional fees for architects, designers, engineers, and providers of various technical services. The amount of these fees will vary depending on location, the qualifications and experience of the professionals you select, and the terms you negotiate with each of them.

NOTE 8: The cost of Builder's Risk Insurance is included in the Improvements estimates. You must arrange and pay for certain minimum types and levels of coverage as currently shown in the Standards, as we may amend from time to time. The cost of such coverage will vary based on selected carrier, coverage levels, geographic location, special provisions and other factors, including your risk profile. These estimates are to acquire and maintain the types of insurance we require in the amounts we require during the first 3-months of operation of your Hotel.

NOTE 9: Includes Project Management Fee, PMS set up costs, equipment and license costs, revenue management and Reservation Service set up costs, and third-party project management service costs (See Item 11). These estimates also include costs for televisions, telephones, network infrastructure and related installation. This does not include the cost of low voltage cabling, which is included with the estimate of the cost for improvements.

NOTE 10: Your general manager must complete our GM Certification program currently held virtually from our Charlotte, NC headquarters. You will be responsible for the cost of the program ($1,900) plus any travel and lodging costs of attending these sessions. The estimate does not include the cost of sending any additional employees to our GM Certification program. You may elect to send additional employees to the GM Certification program for a fee of $1,900 per employee. You will be responsible for any travel and lodging costs for all employees who attend these sessions. Additionally, you will be responsible for the out-of-pocket costs, including travel and lodging costs, that we incur in providing on-site training to your hotel staff on IT systems and brand standard requirements.

NOTE 11: Includes salaries, wages, and benefits for the general manager and other staff during the pre-opening phase; pre-opening local and regional advertising and marketing; and miscellaneous other pre-opening costs. These expenses will vary widely depending on management decisions and the scope of your pre-opening marketing plan.

NOTE 12: If you need an extension of time to open your Hotel (or to complete your renovation) beyond the deadline specified in your Franchise Agreement, you may be required to pay us an extension fee in the amount of $5,000 when you submit your request for the extension. See Section 4.3.3 of the Franchise Agreement.

NOTE 13: Includes estimated expenses for salaries, wages and benefits, utilities, replacement of consumed OS&E and other operating costs typically incurred during the first three months of operation. These costs may vary widely from market to market and will depend on your own operating model and management decisions. These ranges are based on our estimates to construct our new-build prototype that our affiliate began opening in 2019.

NOTE 14: If you elect to use an information technology vendor that we have not approved to provide services at the Hotel, you must pay us an Information Technology Certification Fee of between $2,000 and $5,000 plus reimburse us for any third party expenses to approve the vendor. We have included an additional $1,000 in the chart to cover third party expenses.

NOTE 15: We will perform up to 3 site visits at your Hotel during construction. The first visit will be pre-drywall, the second visit will be post-millwork install and pre-FF&E install, and the third will be a final construction visit after substantial completion. You will pay a fee of $6,000 before

the first of the 3 site visits. You may request our construction team perform additional site visits at the cost of $2,000 per visit.

NOTE 16: We will perform up to 2 site visits at your Hotel during construction to review and certify your information technology system. The first visit will be during construction of the property and if we determine it is required, the final visit will be after installation of the information technology system, but before opening of the Hotel. You will pay a fee of $2,000 per visit with the first amount due before the first visit.

NOTE 17: This chart is based on a Hotel with 124 guestrooms. Except as disclosed in Item 5, none of these amounts are refundable. This Total Estimated Initial Investment does not include the cost of real property. You should review these figures carefully with a business advisor before entering into a Franchise Agreement with us. The range is neither a floor on the minimum, nor a cap on the maximum you could spend and your expenditures could vary. Neither we, nor our affiliates, offer direct or indirect financing to franchisees for any items. The estimate does not include any finance charge, interest or debt service obligation. The cost estimates listed above are for Hotels that are to be newly developed rather than converted into the System.

YOUR ESTIMATED INITIAL INVESTMENT
(100 Guestroom Converted Hotel)

(Column 1) **Type of Expenditure**	(Column 2) **Amount**	(Column 3) **Method of Payment**	(Column 4) **When Due**	(Column 5) **To Whom Payment Is to be Made**
Initial Franchise Fee (See Note 1)	$50,000	2 installments	1. $10,000 with Application. 2. $40,000 before execution of Franchise Agreement.	Us
Market and Feasibility Study (See Note 2)	$5,000 - $15,000	As required	As required	Supplier
Environmental Study (See Note 3)	$0 - $3,000	As required	Before purchase	Supplier
Real Property (See Note 4)	(See Note 4)	As incurred	As incurred	As incurred
Facility Renovation (See Note 5)	$100,000- $3,800,000	As incurred	As incurred	Suppliers
Professional Fees (See Note 6)	$0- $50,000	As incurred	As incurred	Suppliers
Insurance (See Note 7)	$0 - $55,000	As arranged	As arranged	Agent/Insurer
Licenses (See Note 8)	$0 - $10,000	As imposed	Before opening	Appropriate government agencies
Furniture, Fixtures and Equipment (“FF&E”)	$55,000- $750,000	As arranged	As arranged	Suppliers
Operating Supplies and Equipment (“OS&E”)	$20,000 - $185,484	As arranged	As arranged	Suppliers

(Column 1) **Type of Expenditure**	(Column 2) **Amount**	(Column 3) **Method of Payment**	(Column 4) **When Due**	(Column 5) **To Whom Payment Is to be Made**
Technology and Entertainment Costs (See Note 9)	$99,400 - $325,000	As arranged	As arranged	Us and Suppliers
Pre-opening Training (See Note 10)	$1,900 - $8,000	Lump sum	As incurred	Us
Other pre-opening Expenses (See Note 11)	$10,000 - $120,000	As incurred	As incurred	Suppliers
Construction/Renovation Extension Fees (See Note 12)	$0 - $5,000	Lump sum	With extension approval	Us
Additional Funds – 3 months (See Note 13)	$0 - $250,000	As incurred	As incurred	N/A
Mandatory Construction Site Visit Fees (See Note 14)	$0 - $2,000	As arranged	As arranged	Us
Mandatory Site Visits for Information Technology Certification (See Note 15)	$2,000 - $4,000	As arranged	As arranged	Us
Information Technology Certification Fee (See Note 16)	$0 - $6,000	As arranged	Before we begin the approval process	Us
TOTAL (See Note 17)	**$343,300 – $5,638,484 (excluding real property costs)**			

NOTE 1: The Initial Franchise Fee pays for the services that we will provide to you before the opening of the Hotel. Except as disclosed in Item 5, this amount is non-refundable.

NOTE 2: You may wish to retain a third-party consultant to estimate the anticipated cash flows that the Hotel will generate, based on the consultant's analysis of the supply and demand characteristics of the local market and forecasted operating and market conditions.

NOTE 3: Before you purchase real property, you may wish to retain a third-party consultant to evaluate any potential environmental risks and liabilities and remediation costs. This estimate includes the cost of a Phase I Environmental Site Assessment. The cost of a Phase II Environmental Site will vary based on site specific factors. The low estimate assumes you own the property pre-conversion and would not incur these amounts.

NOTE 4: If you are converting a property you would not incur amounts for the purchase of the land as you would already be in possession of the land.

NOTE 5: Facility Renovation include costs of converting an existing extended stay hotel building and facilities which already include kitchens to an EXTENDED STAY AMERICA PREMIER SUITES hotel. These costs do not include the cost of adding kitchens to an existing transient hotel as those costs will vary greatly.

NOTE 6: You may incur professional fees for architects, designers, engineers, and providers of various technical services. The amount of these fees will vary depending on location, the qualifications and experience of the professionals you select, and the terms you negotiate with each of them and the scope of the renovation required. The low estimate assumes you would not incur any of these costs in your conversion.

NOTE 7: The low estimate assumes your existing insurance pre-conversion would satisfy our Standards and you would have no additional insurance expenses in a conversion. You must add us as an additional named insured on all insurance coverage. You must obtain insurance coverages required by the Standards. The cost of such coverage will vary based on selected carrier, coverage levels, geographic location, special provisions and other factors, including your risk profile. The high estimate is to acquire and maintain the types of insurance we require in the amounts we require during the first 3 months of operation of your Hotel.

NOTE 8: The low estimate assumes you would have already incurred these amounts pre-conversion and would have no additional expenses of this nature in a conversion.

NOTE 9: Includes Project Management Fee, PMS set up costs, equipment and license costs, revenue management and Reservation Service set up costs, and third-party project management service costs (See Item 11). These estimates also include potential costs for televisions, telephones, network infrastructure and related installation.

NOTE 10: Your general manager must complete our GM Certification program at our Charlotte, NC headquarters. You will be responsible for the cost of the program ($1,900) plus the travel and lodging costs of attending these sessions. The estimate does not include the cost of sending any additional employees to our GM Certification program. You may elect to send additional employees to the GM Certification program for a fee of $1,900 per employee. You will also be responsible for the travel and lodging costs for all employees who attend these sessions. Additionally, you will be responsible for the out-of-pocket costs, including travel and lodging costs, that we incur in providing on-site training to your hotel staff on IT systems and brand standard requirements.

NOTE 11: Includes salaries, wages, and benefits for the general manager and other staff during the pre-opening phase; pre-opening local and regional advertising and marketing; and miscellaneous other pre-opening costs. These expenses will vary widely depending on management decisions and the scope of your pre-opening marketing plan.

NOTE 12: If you need an extension of time to open your Hotel (or to complete your renovation) beyond the deadline specified in your Franchise Agreement, you may be required to pay us an extension fee in the amount of $5,000 when you submit your request for the extension. See Section 4.3.3 of the Franchise Agreement.

NOTE 13: Includes estimated expenses for salaries, wages and benefits, utilities, replacement of consumed OS&E and other operating costs typically incurred during the first 3 months of operation. These costs may vary widely from market to market and will depend on your own operating model and management decisions. The low estimate assumes your property would be operating during the conversion and it would be generating the additional funds needed to operate during the first 3 months of the conversion. In formulating these estimates we relied on our internal analysis of the cost of additional funds needed in the conversion of an existing EXTENDED STAY AMERICA® hotel to a Hotel.

NOTE 14: Depending on the scope of renovation required, we may perform a site visit at your Hotel during renovation. You will pay a fee of $2,000 before the visit. You may request our construction team perform additional site visits at the cost of $2,000 per visit.

NOTE 15: We will perform up to 2 site visits at your Hotel before conversion to review and certify your information technology system. The first visit will be before conversion of the Hotel and if we determine it is required, the final visit will be after installation of the information technology system. You will pay a fee of $2,000 with the first amount due before the first visit.

NOTE 16: If you elect to use an information technology vendor that we have not approved to provide services at the Hotel, you must pay us an Information Technology Certification Fee of between $2,000 and $5,000 plus reimburse us for any third party expenses to approve the vendor. We have included an additional $1,000 in the chart to cover third party expenses.

NOTE 17: Except as disclosed in Item 5, none of these amounts are refundable. This Total Estimated Initial Investment does not include the cost of real property. You should review these figures carefully with a business advisor before entering into a Franchise Agreement with us. The range is neither a floor on the minimum, nor a cap on the maximum you could spend and your expenditures could vary. Neither we, nor our affiliates, offer direct or indirect financing to franchisees for any items. The estimate does not include any finance charge, interest or debt service obligation. The cost estimates listed above are for hotels that are to be converted into the System rather than newly developed.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate the Hotel in compliance with our Standards and all of our other policies, procedures and requirements that we communicate to you. We will make our Standards available to you in digital, electronic or other computerized form or, at our option, in hard paper copy.

Approved Supplies/Suppliers

In order to ensure that items used at Brand Hotels are uniform and of similar quality, and to maintain the identity, integrity and reputation of the System, you must use only Supplies that comply with our Standards. In this context, "Supplies" include all furnishings, fixtures, equipment, signage, branded items, Hotel photography, linens, operating supplies, computer and telecommunications equipment, including network and telecommunications infrastructure equipment, software, flooring, wall covering, lighting, food and beverages, insurance and other items or services used in the construction, maintenance, operation and advertising of the Hotel. Supplies would also include your property management, reservation, revenue management, payment processing, telephone, entertainment, and high-speed internet systems, and other technology systems and services. All of your marketing materials must be approved by us and your lease must contain certain provisions that we require.

We may designate suppliers, including us (and we may be the only designated supplier for certain items), for certain Supplies. Unless the Standards explicitly say otherwise, however, you may procure Supplies from any source that is not disapproved by us, so long as the Supplies comply with the Standards. We may require suppliers to sign designated supplier agreements with us. Our designation of a supplier is not a warranty of the supplier's financial condition or performance. We may refuse to permit purchases from suppliers whose Supplies fail to meet the Standards.

If we designate a supplier in the future from whom you must procure Supplies, we expect to provide the

criteria upon which we designate the supplier, your ability to purchase from alternative suppliers, and any procedures (including, required fees, timing, and the revocation of approval) for the purchase from alternative suppliers. None of our officers owns an interest in any approved supplier of the System.

You must carry workers' compensation insurance that meets state requirements. You must carry employer's liability insurance of $5,000,000 per occurrence and $1,000,000 per accident, per disease, and per employee. You must carry general liability insurance of at least $15,000,000 per occurrence. You must carry auto liability insurance of at least $15,000,000 per occurrence. You must carry property insurance at a minimum to cover the full replacement cost of the Hotel or limits sufficient to avoid co-insurance. Your business interruption coverage must cover at least 12 months of lost profits including fees payable to us. Your earthquake and flood coverage must cover not less than 75% of the replacement cost of your Hotel if your Hotel is in an earthquake or flood hazard area. You must carry boiler and machinery insurance to cover full replacement of damaged items plus lost profits and fees payable to us. You must maintain terrorism coverage at a minimum of full replacement cost of the Hotel plus recovery of lost profits and continuing expenses. You must carry crime coverage at a minimum commensurate with risk associated with your Hotel. You must carry cyber liability insurance of at least $5,000,000 per occurrence in the aggregate. You must carry employment practices liability insurance of at least $1,000,000 per occurrence. All insurance must be issued by insurers with an A.M. Best Rating of A- or better, a financial size category of VII or better, and who are licensed in the state in which the Hotel is located.

The architect you use for the design of your Hotel must be approved by us prior to use.

We have only one approved supplier of the property management system and revenue management software you will use at your Hotel and only one approved supplier for your centralized reservation system. We also only have one approved supplier for the credit card terminals, credit card payment processing services, and inbound and outbound call routing.

If you elect to use an information technology vendor that we have not approved to provide services at the Hotel, you must pay us an Information Technology Certification Fee plus reimburse us for any third party expenses to approve the vendor.

Purchases from Us or Our Affiliates

Except as described below, there are currently no Supplies that we require you to purchase from us or our affiliates. We expect to earn a profit on any Supplies or other items that you purchase from us or our affiliates.

Neither we nor our affiliates had any revenues from any goods, services or Supplies that we or our affiliates sold to EXTENDED STAY AMERICA PREMIER SUITES franchisees in 2022, except for revenue on sales of items where we acted as a pass-through and passed the payment from the franchisee to the supplier.

You may have the option to take advantage of favorable pricing and terms that we negotiate with suppliers for certain Supplies. We and our affiliates may derive discounts, rebates commissions, promotional allowances and other benefits from these purchases, as well as from suppliers with whom we negotiate affiliation or marketing programs. There are currently no purchasing or distribution cooperatives.

We estimate that the proportion of the purchases and leases that you will make in accordance with our standards and specifications (including from approved suppliers), compared to all purchases and leases that you will make, is 80%-90% in connection with establishing the Hotel, and 65%-75% in connection with operating the Hotel.

You must use us to act as a project manager for the delivery and installation by third party vendors of reservation, property management and payment systems the Hotel will use in its operations. You must also use us to review and certify your information technology infrastructure. We are the sole supplier for these services and we do not intend to approve any other suppliers for these services.

Alternative Supplies/Suppliers

If you wish to use any Supplies or an alternative supplier that we have not approved, then you must present the Supplies to us for our approval and provide us any information we request. We will make our approval criteria available to you upon request to us. We will approve or reject the item or alternative supplier within 60 days from the date that you seek approval from us in writing, or such other reasonable time period if review cannot be completed in 60 days. We will not charge you any fee for reviewing these items except for our out of pocket expenses for such review, which will vary by item and supplier submitted for approval. If after our approval we learn that the product, Supplies, or equipment, will adversely affect the health, welfare, and/or safety of our patrons or employees in the Hotel or otherwise adversely affects our reputation, we may revoke such approval. We will notify you of any revocations. If we have a sole supplier for a particular item or service we will not approve another supplier for that item or service.

Reservation Service

As disclosed above, your Hotel must participate in and use the Reservation Service that we designate, including any replacements, additions, enhancements, supplements, fixes, patches, updates, modifications, or variants that we may develop or adopt, and honor and give first priority on available rooms to all confirmed reservations booked through the Reservation Service. For outgoing reservations referred by or from the Hotel to other Network Hotels, you must exclusively use only the Reservation Service for Hotel bookings, unless we approve a different system. If we require you to use other reservation, sales, revenue management, call center, point of sale, or other services or systems you must comply with all terms and conditions, including execution of required agreements and payment of all required fees and costs.

If we have entered into an agreement with an online travel agent or other third-party intermediary ("OTAs") for the sale of room nights at Brand Hotels you may only sell through that OTA and you may not enter into your own agreement with that OTA. To the extent that you participate in those programs, you will decide what room rates to charge and what commission to pay to the OTA within the parameters we have negotiated for Brand Hotels.

Loyalty Programs

You must participate in and honor the terms and conditions of any loyalty, discount, amenity, service, guest or promotional programs required by the Standards, any Guest Room rate quoted to prospective guests when they make reservations, any fees charged by these programs, and any award certificates (including, credit toward food purchases or internet or other items or amenities) issued to Hotel guests participating in these programs.

Material Benefits

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products or services or use of particular suppliers.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Franchise Disclosure Document Item
a. Site selection and acquisition/lease	FA: 5.10, 5.16, 20.10.1, Exhibit A; DA: 5.1, Exhibit A	1, 7 and 11
b. Pre-opening purchases and leases	FA: 4, Exhibit A	7, 8 and 11
c. Site development and other pre-opening requirements	FA: 4, 6.1, Exhibit A; DA: 5.1	5, 6, 7, 8 and 11
d. Initial and ongoing training	FA: 5.1.1, 5.1.3, 5.3, 6.2, 6.4	11 and 15
e. Opening	FA: 4.4, Exhibit A; DA: 5.1, Exhibit A	11
f. Fees	FA: 3, 4.3.4, 4.4.1, 4.4.3.1, 4.5, 4.6.3, 6.1, 6.2, 6.3, 6.4, 8.3.2,10.4, 13.1.1, 13.2.2, 14.5.2, 16.1, 16.2, 16.3, 16.4, Exhibit A; DA: 4, 5.2, 8.4, 8.5, 9.3.2; HTA: 1, 2.4, 7.4, Exhibit A, and Exhibit B	5, 6 and 7
g. Compliance with Standards and Manual	FA: 4, 5.1-5.3, 5.6-5.9, 5.11, 6.4, 7, 8, 9.2, 10, 11, 12.2, 14.3.1.4, 15.1.2, 15.1.4, 15.2.13, 15.2.15; DA 5.1, 5.4, 11; HTA: 2, 4.5, 4.6, and Exhibit B	8, 11, 13, 14, 15 and 16
h. Trademarks and Proprietary Information	FA: 4.4.1, 5.15, 8, 9, 15.2.5-15.2.8, 16.1, 18.2, 19.3, Exhibit A, B; DA: 1.5; HTA: 2, 3, and 4	13 and 14
i. Restrictions on products and services offered	FA: 3.3, 4.6, 4.7,4.8, 5	8, 12 and 16
j. Warranty and customer service requirements	FA: 4.4, 5.1, 5.2, 5.5, 5.6, 5.12	8, 11 and 16
k. Territorial development and sales quotas	FA: 1, 4.2, 4.3, Exhibit A; DA: 1.1-1.4, 5.1, 5.3, Exhibit A	12
l. Ongoing product and service purchases	FA: 4.6, 4.7,4.8, 5.4-5.6, Exhibit B; HTA: 1	8, 11 and 16
m. Maintenance, appearance and remodeling requirements	FA: 4, 5.2, 5.8, 9.6, 15.1.2, 17; Exhibit D	8 and 11
n. Insurance	FA: 11, 13.2, 15.1.3, 15.2.9; DA: 5.1, 13.12	6, 7 and 8
o. Advertising	FA: 5.11, 5.14, 5.19, 8	6, 7 and 11

Obligation	Section in Agreement	Franchise Disclosure Document Item
p. Indemnification	FA: 15.2.9, 17; DA: 10; HTA: 1, 4.5, 6, and 7.4	6
q. Owner's participation management, and staffing	FA: 5.1, 5.2,5.3, Exhibit A	11 and 15
r. Records and reports	FA: 10, 15.2.11, 15.2.12; HTA: 1, 4	11
s. Inspections and audits	FA: 4.3.4, 4.4, 6.4, 10.4; HTA: 1, 4	6, 8 and 11
t. Transfer	FA: 14, 15.2.9, Exhibit B; DA: 9; HTA: 2.1, 9.8	17
u. Renewal	Not applicable	17
v. Post-termination obligations	FA: 16; DA: 8; HTA: 7	17
w.Non-competition covenants	Not applicable	17
x. Dispute resolution	FA: 19; DA: 12; HTA: 8, 9.7	17
y. Other: Guaranty of franchisee's obligations	FA: 5.16; DA: 6.2	15 and 17
z. Other: Liquidated Damages	FA: 4.4.3.1, 16.3	6 and 17
aa. Other: Right of First Offer	FA: Exhibit F	17

1. If you are an individual, you will be personally responsible for your obligations under the Franchise Agreement, Development Agreement and HTA. If you are a corporation or other legal entity, we may require personal guarantees of your obligations under the Franchise Agreement, Development Agreement and HTA by your owners or other persons we designate. If the Hotel is owned by a different entity than the franchisee, the owner of the Hotel must sign a guaranty of the Franchise Agreement. The Guaranty is attached at Exhibit H.

ITEM 10
FINANCING

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

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

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

We may delegate the performance of any or all of our obligations under the Franchise Agreement and the Development Agreement to third-party designees, whether these designees are our affiliates, agents or independent contractors with whom we contract.

Pre-Opening Obligations

After we approve your Application and/or you sign your Franchise Agreement, but before you open your Hotel we:

1. Before you begin construction or renovation, as applicable, we will review the following information

that you submit to us for approval: (i) evidence of insurance required by the Standards; (ii) evidence that you are entitled to possession of the Site; (iii) evidence of all approvals, permits, and licenses required for construction of renovation, as applicable, to begin; and (iv) your Plans and Designs (FA, Sections 4.1 and 4.2).

2. Will perform up to 3 site visits to review your construction progress (FA, Section 4.3.4).

3. Will perform up to 2 site visits to review and certify your information technology infrastructure before opening of your Hotel (FA, Section 4.3.4).

4. Will conduct a final inspection, at your cost and expense, of the Hotel within 30 days after you notify us in writing that the Hotel is ready to open for business as a Brand Hotel (FA, Section 4.4.1).

5. May require a pre-opening visit to the Hotel to assist with the Hotel's opening as a Brand Hotel, for which you will reimburse us our Travel Costs and pay associated fees and charges (FA, Section 6.1).

6. May specify and provide required and/or optional initial, periodic, remedial, and other training programs, both in-person and online, for which we may charge non-reimbursable training and other fees, charges and costs (FA, Section 6.2; see "*Training*" below for additional details).

7. Will make our Standards available to you through our Standards Manual. We will license you access to the Standards Manual during the Term of your Franchise Agreement, in digital, electronic or other computerized form, or, at our sole discretion, in hard paper copy (FA, Section 7.2). The Table of Contents to our Standards Manual is listed in Exhibit E to this Disclosure Document. It has a total of 150 pages.

Site

1. We will review a site that you provide to us for the construction and operation of your Hotel. You will choose the site to submit for our review. We generally do not own the site that you will lease, and in most situations, we do not lease your site to you. You will either purchase the site or lease it from a third party. You will need to make sure that the site meets all of our Standards, including compliance with all laws, and obtain any required permits (FA, Section 4.1). We do not conform the site to local ordinances and building codes or obtain any required permits.

2. Once you have provided all of the necessary information we need to make an informed decision about the site, submitted a franchise application, and paid the application fee, we will provide you with our approval or disapproval within 60 days. If we do not provide approval or conditional approval within 60 days, the site will be deemed disapproved and we may terminate the Franchise Agreement and retain all fees you have paid to us or our affiliates. We will review various factors in approving or disapproving your site. These factors include the geography of the location, ingress to and egress from the location, the demographics of the market, the effect the proposed site will have on existing Brand Hotels or Network Hotels, and what type of visibility the site will have to attract customers.

3. For any future Hotels developed under a Development Agreement, we will evaluate and approve the location and any Territory for the Hotel based on our then-current site selection and Territory standards.

Opening of the Hotel

You must begin construction/renovation and open the Hotel and begin operating it as a Brand Hotel by the dates specified in Exhibit A to the Franchise Agreement (FA, Section 4.4). The typical length of time

between the signing of the Franchise Agreement and the opening of the Hotel can range from immediate, to the time required for land acquisition, financing and construction. Immediate opening would be in connection with the sale of an existing Brand Hotel or conversion of another brand hotel. The time required for land acquisition, financing and construction can be as long as, or more than, 2 years. You may not begin operating the Hotel without our prior written authorization, including successful completion of a pre-opening inspection (FA, Sections 4.3 and 4.4).

Obligations after Opening

During the operation of your Hotel, we:

1. Will designate suppliers (which may include us) for FF&E and OS&E, and also review any suppliers that you propose to us to confirm that such suppliers meet, and are capable of providing items in accordance with, the Standards (FA, Section 4.8). Neither we nor our affiliates provide you with any necessary equipment, signs, fixtures, opening inventory or supplies for your Hotel. With respect to items we or our affiliates provide to you, they will be provided directly to you but neither we nor our affiliates will install them.

2. At our election, will make consultation and advice services available to you about the operation of the Hotel as a Brand Hotel. (FA, Section 6.3). However, you are responsible for hiring, terminating, supervising and training your employees (FA, Section 5.3).

3. May physically and/or electronically enter and inspect the Hotel and operations, books, records, accounts, systems, real or personal property related thereto at any time and from time to time, without notice to you, to determine whether you and the Hotel are complying with the Standards and your Franchise Agreement (FA, Section 6.4; HTA, Sections 1 and 4).

4. Will review for approval samples of all Marketing Materials that you wish to use which reference any of the Marks, including any materials and uses of the Marks in digital, electronic, computerized, or other form (FA, Section 8.2).

5. Will maintain the ESA Website to advertise, market and promote the Brand Hotels (and, at our option, Network Hotels). We may provide each participating Brand Hotel a page on the ESA Website (FA, Section 8.3).

6. Will promote the general public recognition of the Marks and use of the Brand Hotels (FA, Section 9).

7. May recommend pricing, but you are responsible for setting your own room rates and prices for all products and services at the Hotel, including any prices or rates that appear in the Reservation Service (FA, Section 5.7).

8. May make changes to the System and the Standards, including material changes, additions, substitutions or deletions, at our sole discretion at any time and from time to time (FA, Section 7.1).

9. May require you to use certain administrative, bookkeeping, accounting, and inventory control procedures (FA, Section 10.1).

Computer, Technology and Telecommunication Systems

You must purchase or lease computer systems capable of interfacing with our network. Additionally, you must purchase or license and maintain our preferred property management, revenue management, and other

technology systems we require, including any additions, enhancements, supplements, or variants that we develop during the Term (FA, Section 5.4; HTA, Section 1). Neither we, nor any affiliate or any third party has any obligation to provide ongoing maintenance, repairs, upgrades or updates to the software.

There are no contractual limits on our rights to obtain independent access to your databases (including the property management system described below). The information that we may access includes information about your financial performance and about guests.

Network Infrastructure

You must install network infrastructure equipment to support both guest wireless and the front desk environment. We estimate the cost of the required equipment and installation of the network infrastructure to be approximately $125,000-$175,000. Network infrastructure breakage and replacement costs are your responsibility and costs will vary annually. You must enter into an agreement with your vendor for 24-hour support of high speed internet access ($2-3 per room per month) ("HSIA"), phone ($1-2 per room per month), and television ($1-2 per room per month) which is estimated to be approximately $4-7 per guestroom per month for a Hotel.

Telecommunications Infrastructure

You must install telecommunications infrastructure to support both guest phones and front desk phones. The telecommunications infrastructure equipment must be installed and/or certified by our preferred service providers. We estimate the cost of the required equipment and installation of the telecommunications infrastructure to be approximately $11,500-$16,500, excluding the room and hallway telephones. Telecommunications infrastructure breakage and replacement costs are your responsibility and costs will vary annually.

You must also pay for (1) dedicated phone lines (2) inbound and outbound call routing through the SIP, (3) interactive voice response ("IVR") system, and (4) voicemail, which are collectively estimated to be approximately $300-$500 per month for a Hotel and Enhanced 911 which is estimated to be approximately $35-$50 per month for a Hotel. In addition, there may be a cost for 411 and international calls which is estimated to be approximately $1-$5 per month for a Hotel.

Acquisition and Installation of Computer Systems

We and/or our affiliates have entered into master service agreements with the preferred service providers for all required computer systems (including the property management system, revenue management system and centralized reservation system, credit card terminals and credit card processing). You must enter into an agreement with us under which we will manage the delivery and installation by third party vendors of reservation, property management and payment systems the Hotel will use in its operations. (Exhibit B to the Hotel Technology Agreement). You will pay us a Project Management Fee of $5,000 plus reimburse us for any third party expenses to provide these services. Technical support for installation is included in the cost of the installation of these items. On-site technical support post-installation is generally billed on a case-by-case basis and the cost will vary depending on the market and location. You must pay us a site visit fee of $2,000 per visit, before we perform a site visit at your Hotel to review and certify your technology infrastructure. We may require up to 2 site visits for this purpose.

PC Software and Support

You must also acquire a PC that complies with our standards, runs our current approved version of Microsoft Windows, and is connected to the network. The cost to acquire a compliant PC is estimated to be approximately $1,000-$1,500. To support our security standards, you will be required to maintain software updates, anti-virus, malware and any network device firmware. The annual cost for such

maintenance is estimated to be between $0-$85 per device per year depending on whether you choose to use free Microsoft services provided as part of the OS license or purchase commercial software of your choosing.

Property Management System

You must purchase our approved PMS, which will enable the operator to use the computer system to take reservations, assign rooms at check-in, track room charges and activity, record accounts receivable, print management, marketing, housekeeping, and financial reports, scan drivers' licenses and perform various other functions.

You must license the PMS software from a third party we specify. The license will cost approximately $2.20 per room per month. Additionally, you must pay a hosting fee of $1.00/room/month, as well as a support fee of approximately $0.67/room/month. The cost of the hardware necessary to operate this system is approximately $3,000 per hotel, which includes 4 tablet computers, stands and an air-print capable printer. We estimate the cost to setup the PMS to be approximately $750. Hardware breakage and replacement costs are your responsibility and will vary annually. You pay these amounts to us and we will then pay them to the supplier.

We may adopt upgraded and updated computer software and hardware system standards (including for the network infrastructure) and you must comply with our then current standards (Franchise Agreement Sections 4.6 and 5.4). There is no contractual limitation on the frequency and cost of computer system upgrades and updates. If you fail to do so, you will incur a $500 per month non-compliance fee. See Item 7 for information concerning the estimated cost of computer systems. We are not obligated to maintain, repair or upgrade your computer system components for you.

Revenue Management System and Centralized Reservation System

You must use our approved revenue management system ("RMS") that will enable you to predict customer demand and optimize inventory and price availability. Currently, we have one approved supplier of revenue management software. You must use our approved centralized reservation system ("CRS") that will enable you to manage hotel information, room inventory, and rates through all channels. Currently we have only one approved supplier for the CRS. We estimate the cost to setup the RMS and CRS to be approximately $6,000 to $10,000. We may provide you with support for the RMS and CRS through the System Services Fee.

Credit Card Terminals and Credit Card processing

You must have at least 2 credit card terminals in your Hotel. We estimate the cost of these devices to be approximately $1,000 to $3,000 and the installation to be between $200 to $300. You must use an approved supplier for these terminals and the credit card payment processing system at your Hotel. Currently, we only have one approved supplier for these terminals and credit card payment processing. Your credit card terminals and credit card processing must be installed and managed by our preferred service providers. Charges for processing are currently $25 to $35 per Hotel per month and $.03 per transaction. Credit card charges will be driven by volume.

ESA Website

We (or an affiliate) own and maintain the ESA Website to advertise, market and promote the Brand Hotels (and, if implemented at our or our affiliate's option, Network Hotels). This website also markets and promotes EXTENDED STAY AMERICA SUITES and EXTENDED STAY AMERICA SELECT SUITES hotels. We may include your Hotel on the ESA Website, and you must periodically provide us with all information and other materials concerning the Hotel that we require relating to the Hotel's page(s)

and must promptly notify us whenever that information or material is no longer accurate.

We will have the final decision on all content appearing on the ESA Website, including the Hotel's page(s). We may implement and periodically modify Standards for the ESA Website, provide support services to develop or maintain the ESA Website and/or its content, and discontinue the ESA Website and/or any of its content (including separate webpages for participating Brand Hotels) at any time if we conclude that doing so is in the best interests of the System or that System Services Fees would be better spent on other services (FA, Section 8.3).

In association with the ESA Website, we (or our affiliate) also maintain a mobile application which facilitates the booking process for Brand Hotels (and, if implemented at our or our affiliate's option, Network Hotels) (the "App"). We may include your Hotel on the App. We can add functionalities to the APP including pre-stay, in-stay, and post-stay technical services such as early check-in, maintenance requests, and folio retrieval, to the App.

Advertising

Local Advertising

You must participate in and use, in the manner that we specify, Marketing Materials that we may periodically require for the Hotel. All advertising (including our requirements as to the use, display, style and type of Marketing Materials) must be conducted in compliance with the Standards and applicable laws. In this context, "Marketing Materials" means all advertising, marketing, promotional, sales and public relations campaigns, press releases, materials, campaigns, plans, programs, brochures, and other information to be released or made accessible to the public, in any other form of media (FA, Sections 5.11, 8.2).

Subject to our requirements and at your expense, you may conduct local and regional marketing, advertising and promotional programs for the Hotel. If you would like to create Marketing Materials, you must submit to us (in hard copy by mail, or by digital, electronic or other computerized form), for our prior approval, samples of all Marketing Materials that you wish to use that reference any of the Marks, including any materials and uses of the Marks in digital, electronic, computerized, or other form. If you do not receive our express written approval within 10 business days after we receive the proposed Marketing Materials, the Marketing Materials will be deemed to be disapproved (FA, Sections 5.11, 8.2). All Marketing Materials are subject to the Standards.

System Services Fees

You must pay us a System Services Fee of 5% of Gross Room Revenue. We use different types of digital and email marketing to promote the Brand and System. These digital and email marketing efforts are performed by us and funded through the System Services Fee. Because marketing the Brand and System in a consistent manner across digital and email platforms is essential, we currently do not allow franchisees to engage in any digital or email marketing of any kind. We may engage in any marketing efforts we see fit, including joint marketing efforts with hotels operated by us or others under different brands and hotels operating under the EXTENDED STAY AMERICA SUITES brand or the EXTENDED STAY AMERICA SELECT SUITES brand. We pool System Services Fee contributions from EXTENDED STAY AMERICA PREMIER SUITES hotels together with the System Services Fee contributions from hotels operating under one or more of our current and/or future EXTENDED STAY AMERICA Network brands (see Item 1). System Services Fees are not intended to benefit any specific market or hotel and we have no obligation to ensure that you, your hotel, the EXTENDED STAY AMERICA PREMIER SUITES brand or any other particular Network brand benefits directly or proportionately from System Services Fees paid or

expenditures made from amounts collected.

During our fiscal year ended December 31, 2022, we used 2% of the System Services Fees we collected to market the Brand and the System. Of this amount it was used as follows: 70% on digital marketing and internet advertising; 18% on administrative fees; and 12% on other marketing tools, including search engine optimization. We may use national and/or regional advertising agencies to conduct any of our advertising and marketing initiatives. While we do not do so at the present time, we reserve the right to place advertising through an in-house advertising department (FA, Section 8.1).

We are not required to spend in the year received any monies that we require you to pay to us for the creation and/or placement of advertising through the System Services Fee. We may use those funds in the year after they are collected. We are not required to spend any of these funds for the benefit of any particular franchisee or any particular market. We are not required to spend any amount on advertising, promotion or marketing in your area or territory. We may spend these funds in any market where we believe those placements would benefit the franchise system in general (FA, Sections 3.3, 8.1). We do not prepare an audited statement of monies collected and costs incurred from the System Services Fees, nor do we provide a periodic accounting of how we spend the System Services Fee. We do not use the System Services Fee principally to solicit franchisees to purchase franchises. Although, we may use the System Services Fee to upgrade the ESA Website which may have franchise sales information contained in it.

There is no advertising fund that you must participate in. We currently do not have an advertising council but reserve the right to create and convene one in the future. Neither we nor our affiliates have any obligation to pay a System Services Fee for any Brand Hotel that we or they operate.

We currently do not require franchisees to be part of a local or regional advertising cooperative but we reserve the right to require that you become part of one in the future.

Training

We may specify and provide required and/or optional training programs, for which training fees may be charged. You are responsible for all tuition, training materials, Supplies, if any, and all travel, food, lodging and other out-of-pocket costs for any training (FA, Section 6.2).

During the Term, you or your Management Company (if any) must employ a full-time, qualified and competent General Manager. The General Manager must complete our General Manager Certification program to our satisfaction (FA, Section 5.1). Otherwise, we do not train your employees. We do not hire your employees for you. You must pay us $1,900 per individual for each individual that you send to this program.

The General Manager Certification program employs a combination of online and virtual instruction. Attendees will be trained on our brand requirements for a Brand Hotel, processes, technology systems, quality programs, guest relations procedures and various other topics. General Managers must successfully complete this mandatory training program before the Opening Date of a newly constructed Brand Hotel or within 60 days of the opening for a converted Brand Hotel or within 60 days of hire for a new General Manager.

The ESA Training Program also includes unlimited access to the ESA online leaning management system, “ESU Online”, which contains a learning library.

The following table sets forth the ESA Training Program as of the issuance date of this Disclosure Document. We offer this training on an as-needed basis. We may modify the training requirements as

needed. The Training Program below must be completed before the opening date for a newly constructed Hotel or within 60 days of the opening for a converted Hotel under the Brand.

TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours of On-the-Job Training	Location
General Manager Certification	20-29 hours	N/A	Online
Revenue Management	25 hours	N/A	Online
Sales	2.5-5.5 hours	N/A	Online
Property Management System	5-8 hours	N/A	Online
Data Security	2 hours	N/A	Online
ESA 'Guest Ready' Program	1-3 hours	N/A	Online
Totals	55.5-72.5		

All training is led by Amanda Moorhead, Senior Director Corporate Human Resources and Training and Development, Ms. Moorhead has been with ESA Management since December 2018 and has over four years of experience in the hospitality industry. Ms. Moorhead oversees the team responsible for all the training functions at ESA Management. Our instructors assisting in the training will have at least one year of experience in the area they are teaching.

If your Hotel does not pass our Quality Assurance inspection, in addition to our other remedies, we can require that you complete remedial training. (FA, Section 6.2). The cost for this training is $4,000-$7,500 and is due on demand but before the training. Except as described above, no additional training or refresher courses are required.

ITEM 12
TERRITORY

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.

Franchise Agreement

We grant you the right to use the System to provide extended stay and transient guest lodging services at the Hotel and the right to construct or convert and operate the Hotel as a Brand Hotel at an approved site. At the time we sign a Franchise Agreement with you we may also provide you with a Territory. Whether we grant you a Territory and its size will generally depend upon your financial and operational capability to meet the extended stay demand within the market in which you will operate. If we grant you a Territory, and subject to the rights we reserve as discussed below, during the Term of your Franchise Agreement so long as you are not in default under your Franchise Agreement or any other agreement with us or any of our affiliates, we and our affiliates will not, and we will not grant a third party the right to, open to the public for business a Brand Hotel under the Brand that is physically located in the Territory. This right

applies only to the Brand. The Brand does not include other marks we or our affiliates may own or license. For example, it does not prohibit us from opening, operating, managing or granting a third party the right to open, operate or manage hotels in the Territory that use a portion of the Brand either alone or with a modifier or other designation, such as EXTENDED STAY AMERICA SUITES or EXTENDED STAY AMERICA SELECT SUITES.

Although there are no restrictions placed upon you from soliciting or accepting guests from consumers inside another franchisee's territory you do not have the right to use the Internet or any other social media platform to advertise or market your Hotel without our consent. But you can use other channels of distribution like catalog sales, telemarketing or other direct marketing.

Development Agreement

If we enter into a Development Agreement with you, we will grant you a Development Territory. The size of your Development Territory will be based upon your financial and operational capability as well as the demand within the market area you are considering. We will also negotiate with you the number of Hotels to be opened and operating in the Development Territory. We will base this number on what we deem to be the extended stay demand in the market area. For any future Hotel developed under a Development Agreement, we will evaluate and approve the location and any Territory for the Hotel based on our then-current site selection and Territory standards. Subject to the rights we reserve as discussed below, during the Term of the Development Agreement, neither we nor any of our affiliates will open and operate, nor will we allow any other party to open and operate, any Brand Hotel under the Brand that is physically located in your Development Territory until the last date specified in the Development Agreement, so long as you continue to meet the development milestones in the Development Agreement. This right applies only to the Brand. The Brand does not include other marks we or our affiliates may own or license. For example, it does not prohibit us from opening, operating, managing or granting a third party the right to open, operate or manage hotels in the Development Territory that use a portion of the Brand either alone or with a modifier, such as EXTENDED STAY AMERICA SUITES or EXTENDED STAY AMERICA SELECT SUITES.

Relocation of Hotel

You do not have the right to relocate the Site.

Establishment of Additional Outlets

The Franchise Agreement grants you a non-exclusive right to establish one Brand Hotel. If you enter into a Development Agreement with us, we will offer you the right to operate multiple Brand Hotels. You do not receive any option, first refusal right or similar right under the Franchise Agreement or Development Agreement to establish additional Brand Hotels.

Reserved Rights

Notwithstanding the grant of a Territory or a Development Territory to you, we and our affiliates may own, lease, manage, operate, franchise, license, or otherwise allow any person to operate (i) Brand Hotels outside the Territory; (ii) Network Hotels that operate under different brands, at any location inside or outside the Territory; and/or (iii) non-Network Hotels that we or our affiliates may operate, at any location inside or outside the Territory. Additionally, we and our affiliates may own, acquire, lease, construct or renovate a Brand Hotel inside the Territory and may also franchise, license or otherwise permit third parties to do the same. However, during the Term, we will not, and will not authorize any other party to, open to the public for buisiness any Brand Hotel within the Territory. Notwithstanding the grant of a Territory or a

Development Territory to you, we and our affiliates may market and advertise for Brand Hotels or Network Hotels inside or outside the Territory or Development Territory. In addition, we and our affiliates reserve the right (a) to acquire or be acquired by (whether through purchase, sale, merger, consolidation, or other transaction) another chain, franchise system, group or portfolio of hotels, and/or (b) to operate or manage another chain, franchise system, group or portfolio of hotels.

In addition, and notwithstanding the grant of a Territory or a Development Territory to you, there may be Brand Hotels operating in your Territory as of the effective date of your Franchise Agreement or Development Agreement that will continue operating in the Territory or Development Territory and that we may renew, relicense, allow to expand, or replace. Additionally, we and our affiliates may remove from the System at any time one or more Brand Hotels located in the Territory or Development Territory as of the effective date of your Franchise Agreement or Development Agreement and replace the removed Brand Hotel with a new Brand Hotel that may contain more rooms than the Brand Hotel it is replacing.

Notwithstanding the grant of a Territory or a Development Territory, we may operate, lease, manage, or license any other party to operate a Brand Hotel in the Territory or the Development Territory beginning 6 months before the expiration of your Franchise Agreement or Development Agreement, or as of the date that a date for the premature termination of your Franchise Agreement or Development Agreement has been confirmed in writing by us.

Other Distribution Channels

There are no restrictions on us or our affiliates from soliciting or accepting reservations from guests inside your Territory or Development Territory, as applicable. For example, we reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing sales, to solicit and obtain reservations from guests who may be located in your Territory or Development Territory using the Brand or other brands. We do not pay you any compensation for these reservations.

Operating Other Brands

As disclosed in Item 1, we are also granting franchises under the EXTENDED STAY AMERICA SUITES brand and the EXTENDED STAY AMERICA SELECT SUITES brand and our related entities are offering hotel franchises under the Motel 6, Studio 6 and Yotel brands. These hotels may also be operated by us, an affiliate or franchisees. You may compete with these hotels for business and as discussed above there may be, now or in the future, franchised, managed or company owned hotels operated under these brands in your market area including in your Territory or Development Territory. Any conflicts between you and us regarding territory, customers and our support will be resolved under the Franchise Agreement. We have no procedure for resolving conflicts between you and franchisees of these other brands. However, any resolution of any conflicts regarding territory, customers or support services will be entirely within our discretion. The EXTENDED STAY AMERICA SUITES franchises and the EXTENDED STAY AMERICA SELECT SUITES franchises are offered from our principal business address. We do not maintain physically separate offices and training facilities for these systems. The principal business address and training facility of the Motel 6 and Studio 6 brands, are located in Carrollton, Texas. The principal business address and training facility of the Yotel brand is located in London, England.

ITEM 13
TRADEMARKS

Our affiliate, ESH Strategies Branding LLC ("Marks Owner"), is the owner of the Marks of the System, and has granted us a license to use and to license the Marks and certain other intellectual property including any domain names related to the System through a Trademark and System License Agreement dated July

31, 2017, as amended (the "License Agreement"). The License Agreement will expire on December 31, 2030 unless extended by the parties. Under the License Agreement we can use and sublicense the Marks and other intellectual property licensed under the Agreement. If we fail to comply with the Agreement, including use of the Marks or other intellectual property that would diminish the image or reputation of the Marks Owner or the Marks or other intellectual property, the Marks Owner must give us 90 days to correct the issue before terminating the Agreement. If the Agreement were terminated or expired without extension, your right to use the Marks and other intellectual property would continue for the term of your Franchise Agreement.

We consider the trademarks in the chart below to be our principal trademarks. These marks have all been registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") as set forth below:

Mark	Registration Number	Registration Date
EXTENDED STAY AMERICA PREMIER SUITES	6648303	2/15/22
	6648319	2/15/22
	4274226	1/15/2013
	4274223	1/15/2013
	4274225	1/15/2013
	4167398	7/3/2012
	4274227	1/15/2013
	4274224	1/15/2013

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or of any court, nor any pending infringement, opposition, or cancellation proceedings, nor any pending material litigation involving the Marks. Except as disclosed above, there are no other agreements currently in effect that significantly limit our right to use or license the use of the Marks in any manner material to the System. We have filed all required affidavits and renewals for these principal trademarks.

You must promptly notify us of any suspected unauthorized use of the Marks, any challenge to the validity of the Marks, or any challenge to our right to use and to license others to use, or your right to use, the Marks. Under the Franchise Agreement, we have the right to direct, and control any litigation, administrative proceeding, or other effort to address any infringement, challenge, or claim involving the Marks, including any settlement of the action. We also have the right to take action against uses by others that may constitute infringement of the Marks. You must sign any documents and take any other reasonable actions that we deem necessary or advisable to protect and maintain our interests in any litigation, administrative proceeding, or efforts to address any infringement, challenge, or claim and to protect our interest in the Marks. Although we have no obligation to indemnify you, we will reimburse your reasonable out-of-pocket costs for taking any requested action.

We have the right, upon reasonable notice, to change, discontinue, or substitute any of the Marks and to adopt entirely different or new Marks for use with the System without any liability to you. You must implement any changes at your expense in accordance with our instructions within the time periods we specify. You have no right to any compensation or other remedies from us for any such modification.

All goodwill and ownership rights from your use of the Marks and the System accrue solely to us.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own any current or pending patents that are material to the franchise being offered. We own common law copyrights in the Standards, which we maintain as our confidential and proprietary information. Although we will make the Standards available to you during the Term of your Franchise Agreement solely for your use in the operation of your Hotel, these materials are our property and must be returned to us upon expiration or termination of your Franchise Agreement. Your use of the Standards during the Term of your Franchise Agreement is governed by the restrictions on Proprietary Information discussed immediately below.

As described in the Franchise Agreement, if we require, you must immediately modify or discontinue using copyrighted materials. We will have no obligation to reimburse you for any expenditure you make because of any discontinuance or modification.

There are no currently effective determinations of the USPTO, Copyright Office, or any court concerning any copyrights. There are no currently effective agreements from which we derive our rights in the copyrights that could limit your use of them. The Franchise Agreement does not obligate us to protect any of the rights that you have to use any copyrights or impose any other obligation upon us concerning copyrights. The Franchise Agreement requires you to notify us of claims by others of rights to, or infringements of, our copyrighted materials.

We are not aware of any infringements that could materially affect your use of any copyright.

Confidential and Proprietary Information

You may not copy or disclose to any unauthorized party any Confidential Information without our prior written consent. You may use Confidential Information only for purposes of operating the Hotel. You may disclose Confidential Information only to those parties that require access to it in order to operate the Hotel, and only after you have secured their written agreement to abide by the same safeguards for confidentiality that we impose. "Confidential Information" means (i) the Standards, System, Network and Website, (ii) documents, proprietary information, or trade secrets approved for the System or used in site selection, design, construction, renovation or operation of the Hotel, (iii) any marketing, reservations, quality assurance, guest loyalty and satisfaction, training, technology or other systems or programs developed for the System; (iv) knowledge of specifications for and suppliers of Supplies, and other products and supplies that are identified with Brand Hotels and/or other Network Hotels; (v) Data, Guest Data and other information contained in or relating to or arising from the Reservation Service; (vi) any other knowledge, trade secrets, business information or know-how obtained or generated through your use of the System or operation of the Hotel that we deem confidential or under any Other Agreements.

Further, and subject to applicable laws, we own all Data and Guest Data. You will have the non-exclusive right to use Data and Guest Data if its use is lawful and in connection with operating the Hotel as a Brand Hotel. "Data" means all non-public information used or generated in the operation of your Hotel, including Operating Revenue, Gross Room Revenue, Guestroom occupancy rates, reservation data and other information required by us that we determine may be useful in connection with our marketing, reservations, guest loyalty and satisfaction and other functions, purposes or requirements. "Guest Data" means information collected from and about current and prospective Hotel guests, including: (i) their personally identifiable information (such as their name, birthdate mailing addresses, phone numbers, and email addresses); (ii) information about their consumer preferences, (iii) stay and aggregated information; and (iv) other similar or related information.

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

Either you or a Management Company must manage the Hotel, in either case subject to our approval. You are responsible for complying with the Franchise Agreement, even if you retain a Management Company. We can withdraw our approval of the Management Company at any time. We may require you to hire a Management Company if you, in our view, do not have sufficient experience managing hotels or if you fail to manage the Hotel to professional standards, including our Standards. You must also retain a General Manager to manage the daily operations of your Hotel.

Your General Manager must attend and successfully complete our General Manager Certification program and any other particular training course that we may have for managers.

We do not require your manager or General Manager to maintain an equity interest in you, unless we believe it to be necessary to do so.

Under the Development Agreement, you must during its Term, and except as we otherwise approve in writing, devote your (or employ a Multi-Unit Manager to devote its) full time and best efforts to the management and operation of the development business.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

As long as you comply with applicable law, we do not impose any restrictions as to the customers to whom you may sell goods or services. In general, you must comply with our requirements as to the types and levels of services, amenities and products that must or may be used, promoted or offered at or in connection with the Hotel. We may change these requirements at any time and there are no limits on our rights to do so. You must operate the Hotel 24 hours a day, 7 days a week in accordance with your Franchise Agreement and the Standards, except as we otherwise permit. You may only refer guests to other Brand Hotels and Network Hotels and you may not use any part of the Hotel for any business other than a Brand Hotel.

You may not affiliate or identify the Hotel with another franchise system, reservation service, brand, cooperative or trademark during the Term. You may not promote a competing business or other lodging facility, except as we may approve. You may not enter into any agreement or other arrangement with a concessionaire (such as retail or food and/or beverage service facilities) without our prior written consent. You may not allow gambling at the Hotel or use the Hotel for any casino, lottery, or other type of gaming activities, or associate with any gaming activity, knowingly permit adult entertainment activities at the Hotel or sell, display or use in the Hotel any vending machines, honor bars, video or other entertainment devices or similar products. You and your owners may not conduct or permit the marketing or sale of timeshares, vacation ownership, vacation club, residence club, fractional ownership, condominiums, apartment leasing or rental business, or like schemes at, or adjacent to, the Hotel or for any business that shares common areas, amenities, recreation facilities, services, supplies or support activities with the Hotel without our consent.

You must honor and give priority for available rooms to all confirmed reservations booked through the Reservation Service and you must only use only the Reservation Service for Hotel bookings. You must also participate in and honor the terms and conditions of any loyalty, discount, amenity, service or promotional programs required by the Standards, any Guest Room rate quoted to prospective guests when they make reservations, any fees charged by these programs, and any award certificates (including, credit toward food purchases or internet or other items or amenities) issued to Hotel guests participating in these programs.

You are responsible for setting your own room rates, and prices for other products and services at the Hotel, including determining any prices or rates that appear in the Reservation Service. We may, however: (i) prohibit certain types of charges or billing practices that we determine are misleading or detrimental to the System; (ii) require that you price consistently in all distribution channels; and (iii) impose other pricing requirements permitted by law. You must honor any prices, rates or discounts that appear in the Reservation Service or elsewhere, honor all reservations made through the Reservation Service or that are confirmed and not charge any Hotel guest a rate higher than the rate specified for the Hotel guest's reservation in the Reservation Service or, if not made through the Reservation Service, in the reservation confirmation. You must also honor all pricing and terms for any other product or service offered in connection with the Hotel. You must also participate in any sales, guest or inventory management programs or promotions offered by us, including quality assurance and guest complaint resolution programs and referral programs.

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ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists important provisions of the Franchise Agreement, Development Agreement, and Hotel Technology Agreement. You should read these provisions in the agreements attached to this Disclosure Document.

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
a. Length of the franchise term	Section 2 and Exhibit A *Section 3* (Section 3.1)	Generally, 20 years for new-build properties *The term depends on the number of Hotels to be developed under the Development Agreement. It is typically between 2 and 6 years.* (The term is coterminous with the Franchise Agreement.)
b. Renewal or extension of the term	None *None* (None)	No right to renew or extend. *No right to renew or extend.* (No right to renew or extend.)
c. Requirements for franchisee to renew or extend	Not Applicable *None* (Not Applicable)	Not Applicable. *No right to renew or extend.* (Not Applicable.)
d. Termination by franchisee	Section 13.2 *None* (None)	You can terminate if the Hotel is damaged by fire or other casualty that exceeds the coverage limits required by the Standards, subject to state law. You may also terminate the Franchise Agreement under any grounds permitted by applicable state law. *You may terminate the Development Agreement under any grounds permitted by applicable state law.* (Not Applicable.)

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
e. Termination by franchisor without cause	Section 13.2 *None* (Section 7.1)	We can terminate if the Hotel is taken or condemned or damaged by fire or other casualty that exceeds the coverage limits required by the Standards. *Not Applicable.* (We can terminate at any time without cause by giving ten (10) days written notice. Additionally, the Hotel Technology Agreement will terminate immediately upon termination of the Franchise Agreement.)
f. Termination by franchisor with cause	Sections 15.1 & 15.2 *Sections 5.3, 7.1 & 7.2* (Section 7.2)	If you are in default under the Franchise Agreement. *If you are in default under the Development Agreement including failure to meet development schedule.* (For defaults under Hotel Technology Agreement.)
g. "Cause" defined - curable defaults	Section 15.1 *Section 7.2* (Section 7.2)	Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults). *Most defaults are curable and you will have 30 days to cure (10 days for monetary defaults).* (Default for non-payment has a 10-day cure period.)
h. "Cause" defined - non-curable defaults	Section 15.2	You are liquidated or dissolve, or take any action to liquidate or dissolve; a bankruptcy petition is filed by you or against you; cease to operate under the Brand or as a Brand Hotel or lose possession of the Hotel; the Hotel or your assets are attached; stop operating the Hotel under the Brand or as a Brand Hotel or lose possession of the Hotel; you or your owners contest our ownership of the or any of the Marks; fail to continue to identify the Hotel as a Brand Hotel or violate our proprietary rights; use our Marks or Confidential Information before we

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
		authorize you to do so or in a way that we do not permit; you breach various provisions of the Franchise Agreement including the insurance, indemnification, data privacy provisions or those provisions or Standards related to the safety, security or privacy of guests; you or your owners are convicted of a felony; submit false records to us; you take action that adversely reflects on the System; the Hotel or its construction or renovations is a threat to public safety; or 3 defaults in any 12 month period; fail on 2 occasions in a 6 month period to comply with similar obligations under the Franchise Agreement, the Standards or other agreements. In these cases we may terminate the Franchise Agreement immediately.
	Section 7.1	*Similar reasons as for Franchise Agreement, but including failure to meet Development Schedule. In these cases, we may terminate the Development Agreement immediately.*
	(None)	(Not Applicable)
i. Franchisee's obligations on termination or non-renewal	Section 16	Cease operating as a Brand Hotel and using the System and Marks; use only names and marks that are not confusingly similar; cease representing the Hotel as affiliated with the Brand; de-identify the Hotel, including returning to us the Standards and all materials containing Confidential Information and bearing any Marks and cease using such items; change or cancel phone listings, business registrations, Internet registrations, webpages, listings, accounts, profiles and so on; allow us to inspect Hotel de-identification; reimburse us for de-identification costs we incur; pay amounts owed within 10 days after termination or expiration; pay a Termination Fee (liquidated damages) within 10 business days after the date of termination; permit us to enter into the Hotel on less than 2 days' notice to inspect the Hotel until it is deidentified.

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
	Section 8 (Section 7.4)	*You lose all remaining rights to develop Hotels; return to us all materials we gave you; pay all fees you owe us and our affiliates; provide us with evidence of your compliance with post-termination obligations; no longer reference you affiliation with our System or use any materials we gave you.* (Cease all access to and use of the System and promptly return or destroy any and all copies of System materials and any related documentation. Within 5 business days following termination, an officer of Franchisee must certify in writing to us that the System and all materials and documentation are no longer in use, and that all copies have been returned to us or destroyed. If the event of the termination is before the expiration of any prepaid periods, Franchisee must pay us the Termination Fee.)
j. Assignment of contract by franchisor	Section 14.1 *Section 9.1* (Section 9.8)	No restrictions on our right to assign. *No restrictions on our right to assign.* (We may assign or transfer the Hotel Technology Agreement and/or any of our rights and duties to any parent, subsidiary or affiliated entity or any entity which acquires all or substantially all of our operating assets, or as a part of a merger or reorganization.)
k. "Transfer" by franchisee - defined	Section 14.3 *Section 9* (Section 9.8)	Includes transfer of contract, assets, Site or ownership change. *Includes transfer of contract or assets or ownership change.* (Includes transfer of contract, rights or obligations.)

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
l. Franchisor approval of transfer by franchisee	Section 14.3 *Section 9.2* (Section 9.8)	Except for certain transfers that do not result in change of control of the Franchisee, we must approve all transfers. *You may not transfer without our consent* (You may not transfer without our prior consent.)
m. Conditions for franchisor approval of transfer	Section 14.3 *Section 9.3* (Section 9.8)	Conditions include delivery of the documents we request including sale and purchase agreement; you must satisfy all of your monetary obligations to us and our affiliates; the transferee must agree to update or remodel the Hotel to meet our then-current Standards; you and your owners must sign a general release of claims against us, our affiliates; transferee must submit a new franchise application and pay our then-current initial franchise fee as a transfer fee; transferee must meet our then-current ownership criteria; transferee must enter into the then-current form of the franchise agreement including guarantee which may contain materially different terms and conditions then in your Franchise Agreement *Conditions include submission of an Application and provision of any documents we request including the purchase agreement; payment of a transfer fee; execution of a general release; transferee signs then then-current form of development agreement including guarantee, which may contain materially different terms and conditions then in your Development Agreement; and transfer of all Franchise Agreements executed under Development Agreement* (Consent may be withheld in our sole and absolute discretion.)

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
n. Franchisor's right of first refusal to acquire franchisee's business	Section 1 and Exhibit F of the Franchise Agreement *None* (None)	We only have right of first offer on transfers of the Hotel or a Controlling Equity Interest in you if we and you sign Exhibit F. We will require Exhibit F only for certain markets that we determine are strategic to us. *Not applicable* (Not Applicable)
o. Franchisor's option to purchase franchisee's business	None *None* (None)	Not applicable *Not applicable* (Not Applicable)
p. Death or disability of franchisee	Section 14.4 *None* (None)	Must transfer to a third party, which may include, heirs. Must meet conditions of Section 14.3; we may terminate the Franchise Agreement if the transfer fails to occur within the required timeframe. *Not Applicable.* (Not Applicable)
q. Non-competition covenants during the term of the franchise	None *None* (None)	Not Applicable *Not Applicable* (Not Applicable)
r. Non-competition covenants after the franchise is terminated or expires	None *None* (None)	Not Applicable *Not Applicable* (Not Applicable)

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
s. Modification of the agreement	Sections 7.1 & 20.1 *Section 13.1* (Exhibit B)	No modification of the Franchise Agreement, except by writing signed by both parties. We may unilaterally change the Standards. *No modification of the Development Agreement except by writing signed by both parties. We may unilaterally change the Standards.* (Changes to the scope of the services may be made only in a writing signed by authorized representatives of both parties. We may unilaterally change the Standards.)
t. Integration/merger clause	Section 20.1; *Section 13.1* (Section 9.9)	Only the terms of the Franchise Agreement, Development Agreement (if applicable) and related agreements signed by the parties are binding and enforceable (subject to applicable state law). Any representations or promises made outside of the Disclosure Document, Franchise Agreement and Development Agreement (if applicable) may not be enforceable. However, nothing in the Franchise Agreement or Development Agreement is intended to disclaim any representations made in this Disclosure Document. (Only the terms of the Franchise Agreement and Hotel Technology Agreement and related agreements signed by the parties are binding and enforceable (subject to applicable state law). However, nothing in the Franchise Agreement or Hotel Technology Agreement is intended to disclaim any representations made in this Disclosure Document.)
u. Dispute resolution by arbitration or mediation	Section 19.2, 19.3 *Section 12.2, 12.3* (Section 8)	Except for claims relating to indemnification, equitable relief, and enforcement of arbitral awards, all disputes will be resolved by arbitration.* (Dispute resolution procedures of the Franchise Agreement apply)

Provision	Section in Franchise Agreement *(References to the Development Agreement are in italics)* (References to the Hotel Technology Agreement are in parentheses)	Summary
v. Choice of forum	Section 19.2, 19.3, 19.5, 19.7; *Section 12.2, 12.3, 12.5, 12.7* (Section 9.7)	In any dispute, you waive the right to a jury trial. Arbitration proceedings will be conducted at our headquarters in North Carolina (currently Charlotte, North Carolina). You consent to the non-exclusive jurisdiction of the courts of North Carolina for disputes not subject to arbitration.*
w. Choice of law	Section 19.1; *Section 12.1* (Section 9.7)	North Carolina law applies, subject to applicable state law.*
x. Cross-default	None *Section 7.5*	A default under the Development Agreement does not constitute a default under any Franchise Agreement, nor vice versa.

*See Exhibit G, State Addenda to Disclosure Document, Riders to Franchise Agreement, and State Riders to Development Agreement.

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Franchise 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.

The information contained in this Item 19 shows financial performance for the 25 Brand Hotels owned indirectly by ESH Hospitality as of December 31, 2022 and operated by our affiliates in the United States for the entire 2022 calendar year (the "Owned Hotels").

We did not have any Brand Hotels operated by franchisees for the entire 2022 calendar year. There were 3 hotels operated by franchisees that were not included because they opened after January 1, 2022.

As you review this information, you should be aware there were characteristics of included hotels that may differ materially from hotels operated by new franchisees. Room rates, hotel demand, and certain operating expenses vary significantly from location to location depending on local market conditions. RevPAR varies significantly among all the properties.

A. Statement of Average and Median Occupancy, ADR, RevPAR, and EsOcc

Table 19-1 Owned Hotel Operating Metrics

The table below shows the average performance of the Owned Hotels for the year ended December 31, 2022, in the following categories: (1) occupancy[1]; (2) average daily rate ("ADR")[2]; (3) revenue per available room ("RevPAR")[3]; and (4) extended stay occupancy ("EsOcc")[4].:

	Average	Owned Hotels at/exceeding average		Median
	2022 (25 hotels)	% of total	Number	
Occupancy	76.8%	60%	15	78.1%
ADR	$101.60	52%	13	$103.81
RevPAR	$78.06	52%	13	$79.69
EsOcc	60.4%	48%	12	60.4%

B. Statement of System Contribution

Brand Hotels receive reservations from the following sources (collectively, "Reservation Channels"): (i) reservation made at the hotel ("Property Direct"), (ii) our toll-free central reservations office ("Call Center")[5]; (iii) the ESA Website ("esa.com"); (iv) OTAs; (v) opaque hotel booking agencies that we have agreements with such as Hotwire and Priceline ("Opaque"); and (vi) global distribution systems that permit traditional travel agencies, as well as many third-party online travel agencies, to reserve hotel rooms ("GDS"). Reservation Channels do not include group business and room nights booked directly at the property or through our regional or national sales offices.

Table 19-2 Owned Hotel Contribution Percentages

The table below shows the percentage of consumed room nights booked at the Owned Hotels through each of the Reservation Channels for the 2022 calendar year:

Reservation Channel	2022 Contribution
Property Direct	23.4%
Call Center	29.2%
esa.com	30.8%
OTA	11.8%
Opaque	1.1%
GDS	3.7%

C. Statement of Length of Stay Information

Because our System focuses on extended stay business (which typically is associated with a lower ADR but lower operating costs), Length of Stay[6] is an important performance metric. We calculate Length of Stay by measuring the number of consecutive consumed nights a guest stays at a Brand Hotel.

Table 19-3 Owned Hotels Length of Stay

The table below shows the Length of Stay information as a percentage of consumed room nights booked at the Owned Hotels for the 2022 calendar year:

Consumed Room Nights	Percentage of Consumed Room Nights
0 – 6 Nights	21.4%
7 – 14 Nights	11.1%
15 – 29 Nights	9.9%
30+ Nights	57.6%

The following Notes will clarify the information presented above.

NOTE 1: "Occupancy" means the total number of rooms sold in a given period divided by the total number of rooms available during that period.

NOTE 2: "ADR" means hotel room revenues divided by total number of rooms sold in a given period.

NOTE 3: "RevPAR" means the product of average daily room rate charged times the average daily occupancy achieved for a hotel or group of hotels in a given period. RevPAR does not include ancillary revenues, such as food and beverage revenues, or parking, pet, telephone or other guest service revenues.

NOTE 4: "EsOcc" means the total number of rooms occupied by guests staying seven or more consecutive nights in a given period divided by the total number of rooms available during the period.

NOTE 5: Includes calls to property forwarded to and booked by the Call Center.

NOTE 6: "Length of Stay" means total number of consumed room nights for a guest stay.

The percentages in the tables above were rounded to the nearest tenth and the dollar amounts were rounded to the nearest cent.

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

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

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past performance of our hotels. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing hotel, however, we may provide you with the actual records of that hotel. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting the General Counsel at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277 , telephone (980) 345-1600, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

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

(Column 1) **Hotel Type**	(Column 2) **Year**	(Column 3) **Hotels at the Start of the Year**	(Column 4) **Hotels at the End of the Year**	(Column 5) **Net Change**
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	3	+3
Company-Owned	2020	0	0	0
	2021	0	25[1]	+25[1]
	2022	25	25	0
Total Hotels	**2020**	**0**	**0**	**0**
	2021	**0**	**25[1]**	**+25[1]**
	2022	**25**	**28**	**+3**

[1] 21 of these hotels were rebranded from our EXTENDED STAY AMERICA brand.

Table No. 2
Transfers of Franchised Hotels to New Owners (Other than the Franchisor)
For Years 2020 to 2022

(Column 1) **State**[1]	(Column 2) **Year**	(Column 3) **Number of Transfers**
All States	2020	0
	2021	0
	2022	0
Total	**2020**	**0**
	2021	**0**
	2022	**0**

[1] All numbers are as of December 31 of the applicable year.

Table No. 3

Status of Franchised Hotels
For Years 2020 to 2022

(Col. 1) **State**[1]	(Col. 2) **Year**	(Col. 3) **Hotels at Start of Year**	(Col. 4) **Hotels Opened**	(Col. 5) **Terminations**	(Col. 6) **Non-Renewals**	(Col. 7) **Reacquired by Franchisor**	(Col. 8) **Ceased Operations-Other Reasons**	(Col. 9) **Hotels at End of Year**
Georgia	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	0
Total	**2020**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2022	**0**	**3**	**0**	**0**	**0**	**0**	**3**

[1] All numbers are as of December 31 of the applicable year.

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

(Col. 1) **State**[1]	(Col. 2) **Year**	(Col. 3) **Hotels at Start of Year**	(Col. 4) **Hotels Opened**	(Col. 5) **Hotels Reacquired From Franchisees**	(Col. 6) **Hotels Closed**	(Col. 7) **Hotels Sold to Franchisees**	(Col. 8) **Hotels at End of Year**
Arizona	2020	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
California	2020	0	0	0	0	0	0
	2021	0	3[2]	0	0	0	3
	2022	3	0	0	0	0	3
Florida	2020	0	0	0	0	0	0
	2021	0	12[3]	0	0	0	12
	2022	12	0	0	0	0	12
Georgia	2020	0	0	0	0	0	0
	2021	0	2[4]	0	0	0	2
	2022	2	0	0	0	0	2
North Carolina	2020	0	0	0	0	0	0

(Col. 1) **State**[1]	(Col. 2) **Year**	(Col. 3) **Hotels at Start of Year**	(Col. 4) **Hotels Opened**	(Col. 5) **Hotels Reacquired From Franchisees**	(Col. 6) **Hotels Closed**	(Col. 7) **Hotels Sold to Franchisees**	(Col. 8) **Hotels at End of Year**
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
Rhode Island	2020	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
South Carolina	2020	0	0	0	0	0	0
	2021	0	2[2]	0	0	0	2
	2022	2	0	0	0	0	2
Tennessee	2020	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
Texas	2020	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
Washington	2020	0	0	0	0	0	0
	2021	0	1[2]	0	0	0	1
	2022	1	0	0	0	0	1
Total	**2020**	**0**	**0**	**0**	**0**	**0**	**0**
	2021	**0**	**25**	**0**	**0**	**0**	**25**
	2022	**25**	**0**	**0**	**0**	**0**	**25**

[1] States not listed had no activity during the years indicated.
[2] These Hotels rebranded from our EXTENDED STAY AMERICA brand.
[3] Three Hotels were new construction and 9 Hotels rebranded from our EXTENDED STAY AMERICA brand.
[4] One Hotel was new construction and 1 Hotel rebranded from our EXTENDED STAY AMERICA brand.

Table No. 5
Projected Openings as of December 31, 2022[1]

(Column 1) **State**[1]	(Column 2) **Franchise Agreements Signed But Hotel Not Opened**	(Column 3) **Projected New Franchised Hotels In The Next Fiscal Year**	(Column 4) **Projected New Company-Owned Hotels In the Next Fiscal Year**
Alabama	0	0	0
Arizona	1	0	0
California	2	1	0
Colorado	6	1	0
Connecticut	1	0	0
Florida	11	0	0
Georgia	4	0	0
Idaho	1	1	0
Indiana	2	0	0

(Column 1) **State**[1]	(Column 2) **Franchise Agreements Signed But Hotel Not Opened**	(Column 3) **Projected New Franchised Hotels In The Next Fiscal Year**	(Column 4) **Projected New Company-Owned Hotels In the Next Fiscal Year**
Illinois	1	0	0
Montana	1	0	0
Nevada	0	1	0
North Carolina	1	0	0
Tennessee	1	0	0
Texas	1	0	0
Virginia	3	2	0
Washington	0	0	0
Wisconsin	1	0	0
Total	37	6	0

[1] States not listed have no projected openings for the time period indicated.

Exhibit J lists the names, addresses and telephone numbers of all EXTENDED STAY AMERICA PREMIER SUITES franchisees as of December 31, 2022. No EXTENDED STAY AMERICA PREMIER SUITES franchisee had an outlet transferred, terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or has not communicated with us within 10 weeks of the issuance 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.

Confidentiality Agreement

During the last 3 fiscal years, we have not signed any confidentiality clauses with current or former EXTENDED STAY AMERICA PREMIER SUITES franchisees that would restrict them from speaking openly with you about their experience with us.

Trademark-Specific Franchise Organization

We do not have any trademark specific franchisee organization.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit D are our audited financial statements for fiscal years ended December 31, 2020, 2021 and 2022.

ITEM 22
CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages

immediately following:

Exhibit A.	-	Franchise Agreement
Exhibit B.	-	Development Agreement
Exhibit C.	-	Hotel Technology Agreement
Exhibit H.	-	Franchisee Guaranty
Exhibit I.	-	Form of General Release

ITEM 23
RECEIPT

This Disclosure Document contains two copies of a detachable receipt. Please sign and date both receipts and return one of them to us at: Franchise Development, ESH Strategies Franchise, LLC, 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277, or email to franchise@esa.com.

EXHIBIT A

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

[ENTER SITE ADDRESS]

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FRANCHISE AGREEMENT

This Franchise Agreement (the "**Agreement**") is entered into between [Franchisee name] ("**Franchisee**") and ESH Strategies Franchise LLC ("**Franchisor**") as of [Month, Day], 20___ ("**Effective Date**").

RECITALS

A. Franchisor and Franchisor's Affiliates own and operate the System.

B. Franchisee has requested a license from Franchisor to operate the Hotel as a Brand Hotel at the Site under the Brand.

C. Franchisor is willing to grant Franchisee the license contained herein subject to the terms of this Agreement.

D. Capitalized terms that are not defined in the body of this Agreement are defined in Exhibit B hereto.

NOW, THEREFORE, in consideration of the foregoing, the promises, representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. GRANT OF LICENSE

Franchisor hereby grants to Franchisee and Franchisee hereby accepts a limited and non-exclusive license to use the Marks and the System during the Term to build or convert, and operate the Hotel as a Brand Hotel at the approved Site in accordance with the terms of this Agreement. High standards established by Franchisor are the essence of the System. Franchisee acknowledges that Franchisor's rights to use and/or license the System pre-date this Agreement and are not limited or changed by the terms of this Agreement. Franchisee agrees that by acknowledging those rights, the parties do not intend to make Franchisor's exercise of such rights subject to rules applicable to contractual performance or the exercise of contractual discretion under this Agreement.

Franchisee's territory, if any, is set forth in Exhibit E (the **"Territory"**). If there is no territory set forth in Exhibit E, Franchisee shall have no territory nor any territorial protection regardless of anything else set forth in this Agreement. During the Term, and provided Franchisee is not in default under this Agreement or any Other Agreement, Franchisor will not itself, and will not authorize any other party to, open to the public for business any Brand Hotel physically located within the Territory. The Territory fairly represents the Site's trading area, and Franchisee acknowledges that there are no express or implied territorial rights or agreements between the parties except as stated in this Section 1. Franchisee irrevocably waives any right to seek or obtain the benefits of any policy Franchisor now follows or may in the future follow to notify Franchisee about proposed Brand Hotels or Network Hotels in the general area of the Site, solicit information about the effect of the proposed Brand Hotel on the revenue or occupancy of the Site or decide whether to add the proposed Brand Hotel to the System based on the potential effect of the proposed Brand Hotel on the Site or its performance.

Franchisor and Franchisee acknowledge that, unless they sign and deliver to each other the Right of First Offer, the terms of the Right of First Offer and Exhibit F shall not apply to the Hotel or Franchisee.

1.1 Reservation of Rights. Notwithstanding anything set forth in this Agreement, without any restriction or obligation to Franchisee:

1.1.1 Franchisor and/or its Affiliates may themselves, and otherwise allow any third party to, open to the public for business **(i)** Brand Hotels outside the Territory; **(ii)** Network Hotels that operate under brands different from the Brand at any location, inside or outside the Territory, and, in either event, regardless of the impact on Brand Hotels in the Territory; and/or **(iii)** non-Network Hotels that Franchisor and/or its Affiliates may operate at any location inside or outside the Territory, in either event regardless of the impact on Brand Hotels in the Territory.

1.1.2 Franchisor and/or its Affiliates may conduct development activities which include owning, acquiring, leasing, constructing or renovating a Brand Hotel inside the Territory during the Term and may also franchise, license or otherwise permit third parties to do the same; provided, however, the Brand Hotel may not be opened during the Term.

1.1.3 Franchisor and/or its Affiliates may market and advertise for Brand Hotels or Network Hotels inside or outside the Territory.

1.1.4 Franchisor and/or its Affiliates reserves the right **(i)** to acquire or be acquired by (whether through purchase, sale, merger, consolidation, or other transaction) another chain, franchise system, group or portfolio of hotels, and/or **(ii)** to operate or manage another chain, franchise system, group or portfolio of hotels (each, a "**Chain Acquisition**").

1.2 Existing Hotels. The territorial protection set forth in this Section1 to the Agreement does not apply to any Brand Hotels operating in Franchisee's Territory as of the effective date of the Agreement, which Franchisor may renew, relicense, allow to expand, or replace, in its sole discretion. Additionally, Franchisor and/or Franchisor's Affiliates may at any time remove from the System one or more Brand Hotels located in the Territory as of the Effective Date of the Agreement and replace the removed Brand Hotel with a new Brand Hotel.

1.3 Franchisee acknowledges that Franchisor and its Affiliates have and may have business interests other than the operation of the Brand and that they, in their sole discretion, may identify, define, and act upon such interests in the manner they deem appropriate. Franchisee further acknowledges that business decisions made by Franchisor and its Affiliates may impact Franchisee and agrees that Franchisor and its Affiliates have no express obligation or implied duty to protect Franchisee from the consequences of such business decisions and expressly waives any right to assert any Claim against Franchisor or its affiliates based on the existence, actual or arguable, of any such obligation or duty, including Claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty. The covenants in this Section are mutually dependent; if Franchisee breaches this Section, Franchisee's Territory will be the Site only.

2. TERM

The Term of this Agreement is set forth in Item 7 of Exhibit A. This Agreement expires, without notice from the Franchisor, at midnight Hotel-time on the last day of the Term. Franchisee acknowledges and agrees that it does not have any right to renew or extend the Term of this Agreement.

3. FEES

3.1 Initial Franchise Fee. Franchisee has paid Franchisor the initial franchise fee set forth in Item 8 of Exhibit A (the "**Initial Franchise Fee**"). The Initial Franchise Fee is duly earned when received by Franchisor and is non-refundable under any circumstances.

3.2 Royalty Fee. Franchisee will pay Franchisor a continuing royalty fee set forth in Item 9 of Exhibit A (the "**Royalty Fee**").

3.3 System Services Fee. Franchisee will pay Franchisor the system services fee set forth in Item 10 of Exhibit A (the "**System Services Fee**"). Unless otherwise set forth in this Agreement, Franchisor may use the System Services Fee to pay for some of the services that Franchisor provides to Brand Hotels as Franchisor determines from time to time in Franchisor's sole discretion, which may include: **(i)** advertising, promotion, publicity, public relations, and other marketing programs; **(ii)** developing and maintaining the Website; **(iii)** developing and maintaining the Reservation Service systems and support; **(iv)** quality assurance programs; **(v)** national sales; **(vi)** revenue management systems and support; **(vii)** information systems development, deployment, and support; **(viii)** training; **(ix)** market research and product development; **(x)** franchisee support programs; **(xi)** costs and overhead related to the administration or direction of these projects and programs; and **(xii)** any other programs that Franchisor, in its sole discretion, determines will benefit the System and Network. Franchisor may create any programs and allocate monies derived from the System Services Fee to any brands, regions or localities. The System Services Fee does not cover Franchisee's costs for operating the Hotel in accordance with the Standards or for participating in programs (whether mandatory or optional) that Franchisor offers or requires and does not choose to fund through the System Services Fee, whether or not included in the foregoing list. Costs that Franchisee incurs in the foregoing actions, or in its own marketing activities, do not constitute payment of the System Services Fee. The System Services Fee also may not cover and Franchisee may be required to pay or reimburse Franchisor or third parties for additional fees, such as commissions, fees, and other amounts payable to travel agents and other persons for certain reservation, marketing, payment and facilitation services plus a service fee, or commission, fees, and other amounts payable for reservations originated or processed through a global distribution system, Travel Service Channels and networks, and fees for additional services and programs, including payment processing programs. System Services Fees are not intended to benefit any specific market or hotel and Franchisor has no obligation to ensure that Franchisee, the Hotel, the Brand or any other particular Network Hotel or brand benefits directly or proportionately from System Services Fees paid or expenditures made from amounts collected. Franchisor and its Affiliates will not hold the System Services Fee as a trustee or as a trust fund and will have no fiduciary duty to Franchisee or the Brand with respect to the System Services Fee. Franchisor may commingle the System Services Fee with Franchisor's other revenues and with the revenues of Franchisor's Affiliates and use the System Services Fee to pay all costs, including administrative costs, salaries and overhead, and collection and accounting costs, incurred by Franchisor or its Affiliates for the Network. Franchisor is not obligated to expend funds in excess of the amounts received from System Services Fees for Brand Hotels.

3.4 Timing of Payments and Performance of Services. The Royalty Fee and the System Services Fee are payable monthly by the fifteenth (15th) calendar day of the following month or such other schedule as Franchisor may require in its sole discretion. At Franchisor's election, Franchisor may require Franchisee to pay fees by electronic funds transfer/direct debit of account or other similar method. Franchisee acknowledges and agrees that Franchisee will not withhold or offset any amounts due against any other amounts due under this Agreement.

3.5 Interest on Late Payments. If any payment by Franchisee under this Agreement is not received by its due date, such payment will be overdue and will constitute a breach, and Franchisor may require Franchisee to pay interest on the overdue amount at the rate of one and one-half percent (1.5%) per month (or, if less, the maximum interest permitted by Law) from the date such overdue amount was due until paid. Franchisor's right to receive interest is in addition to any other remedies it may have.

3.6 Taxes.

3.6.1 Franchisee must promptly pay when due all Taxes levied or assessed by any tax authority relating to Franchisee, the Hotel, this Agreement, and any Other Agreement(s) in connection with operating the Hotel, and file when due all governmental returns, notices and other filings in connection therewith. Franchisee will pay Franchisor when due Taxes that are assessed against Franchisor on the Systems Services Fees, Royalty Fees, and other fees, charges and reimbursements paid by Franchisee to Franchisor and its Affiliates that are imposed by the jurisdictions where the Hotel is located, but not including any income tax, franchise or other similar tax for the privilege of doing business by Franchisor in Franchisee's State.

3.6.2 Franchisee may not deduct or withhold present or future Taxes from any payment to Franchisor. If any Law requires Franchisee to deduct or withhold Taxes directly from a payment to Franchisor, Franchisee must deduct or withhold the required amount, timely pay the full amount deducted or withheld to the relevant Government Entity in accordance with such Law, and provide Franchisor with proof of payment. Franchisee must increase the amount Franchisee pays Franchisor so that the net amount Franchisor receives after the deduction or withholding equals the full amount originally invoiced or otherwise payable. If the Law does not impose an obligation on Franchisee to deduct or withhold Taxes directly from any payment to Franchisor, but requires Franchisor to pay such Taxes, then Franchisee must pay Franchisor, within fifteen (15) days after Franchisor requires, the full amount of the Taxes paid or payable by Franchisor so that the net amount Franchisor retains after payment of the Taxes (other than Taxes assessed on Franchisor's net income) equals the full amount originally invoiced or otherwise payable.

4. DEVELOPMENT AND OPENING

4.1 Required Consents.

4.1.1 Franchisee shall not commence any Hotel Work until the Franchisor has issued its written consent in Franchisor's sole discretion with respect to Plans and Designs as set forth in the Standards and with respect to Franchisee's architect that prepares the Plans and Designs.

4.1.2 Before Franchisor can approve Franchisee's Plans and Designs, Franchisee's architect or other certified professional must certify to Franchisor that the Plans and Designs comply with all Laws related to accessibility and accommodations and facilities for those with disabilities. Franchisee is solely responsible for ensuring that the Plans and Designs comply with all of the Standards, and all applicable Laws, codes, and/or other state of locally adopted building, zoning, and local design regulations.

4.1.3 After Franchisor provides its written consent to the Plans and Designs, no change may be made to the Plans and Designs without Franchisor's further prior written consent in Franchisor's sole discretion. Franchisor's consent to the Plans and Designs or any modifications or changes to them does not constitute a legal review, guaranty or warranty as to suitability of the Plans and Designs or to the resulting Hotel Work.

4.2 Initial Construction or Renovation. Franchisee must start and complete the initial construction or renovation of the Hotel, as applicable, in accordance with the approved Plans and Designs, and the Standards. Franchisee will bear the entire cost of developing, constructing, and renovating the Hotel, as applicable, including professional services, financing, insurance, licensing, contractors, permits, and FF&E. Franchisee must obtain Franchisor's prior written consent in Franchisor's sole discretion for any material deviation from the Plans and Designs and the Standards in construction, renovation, equipment, and furnishing of the Hotel. In addition to the requirements in Section 4.1, prior to commencing construction or renovation, as applicable, Franchisee must: **(i)** submit to Franchisor evidence of insurance required by the Standards, **(ii)** submit to Franchisor evidence that Franchisee is entitled to possession of the Site; and **(iii)** obtain any and all approvals, permits, or licenses required for construction or renovation, as applicable, to begin.

4.3 Commencement and Completion of Hotel Work.

4.3.1 Franchisee will commence the Hotel Work on or before the Construction Commencement Date or Renovation Commencement Date specified on Items 11 and 12 on Exhibit A, or in the case of renovation during the Term, as mutually agreed by Franchisor and Franchisee. In that regard, Franchisee must provide to Franchisor such evidence as Franchisor may require showing that the Construction Work or Renovation Work has commenced.

4.3.2 The Work must be completed and the Hotel must be furnished, equipped, and otherwise made ready to open in accordance with the terms of this Agreement not later than the Construction Work Completion Date or Renovation Work Completion Date specified in Items 13 and 14 on Exhibit A.

4.3.3 If Franchisee is otherwise in compliance with Franchisee's obligations under this Agreement, the Construction Commencement Date, Renovation Commencement Date, Construction Work Completion Date, and Renovation Work Completion Date specified in Items 11, 12, 13, or 14 Exhibit A may be automatically extended by ninety (90) days on a rolling basis, unless Franchisor in its sole discretion provides at least thirty (30) days' notice to Franchisee that these automatic extensions of the applicable deadline no longer apply. Franchisee must obtain Franchisor's approval in its sole discretion for any further extension of the applicable deadline after receipt of Franchisor's notice. Franchisor may in its sole discretion grant or deny its approval or condition its approval of Franchisee's extension request, including on: **(a)** Franchisee's payment of Franchisor's then-current extension fee, if any; **(b)** Franchisee's prompt submission of a written status report on the project, including such information as Franchisor may require; and **(c)** any other conditions Franchisor considers appropriate under the circumstances.

4.3.4 Franchisor will perform up to three (3) construction site visits to the Hotel during various stages of construction, as determined by Franchisor: pre-drywall, post-millwork install and pre-FF&E install, and the Pre-Opening Inspection, or up to one (1) renovation site visit to the Hotel during renovation. Franchisee must pay Franchisor's then-current site visit fee before the first site visit. Franchisor will perform up to two (2) technology site visits to the Hotel to review and certify the Hotel's information technology system, as determined by Franchisor during construction or renovation of the Hotel and after installation of the information technology system but before opening of the Hotel. Franchisee must pay Franchisor's then-current site visit fee before the first site visit. Franchisor may, in its sole business judgement, charge Franchisee Franchisor's costs and fees associated with any necessary additional visits required by Franchisor or requested by Franchisee. If Franchisee uses an information technology vendor that Franchisor has not approved to provide information technology services at the Hotel, Franchisee shall pay Franchisor's then-current Information Technology Certification Fee plus reimburse Franchisor for any

third party expenses to approve the vendor. The fee is payable before Franchisor begins the review process. For the avoidance of any doubt, Franchisor has no obligation to approve such a vendor and will not approve an information technology vendor that does not meet its Standards. In such event, Franchisee must retain a new vendor for approval by Franchisor and pay Franchisor's Technology Certification Fee and any third-party expenses for the review of such new vendor.

4.4 Opening the Hotel.

4.4.1 Franchisee must open and begin operating the Hotel as a Brand Hotel, under the Marks, by the date specified in Item 15 on Exhibit A (the "**Opening Deadline**"). Franchisee may not begin operating the Hotel under the Marks without Franchisor's written authorization, which Franchisor may condition on Franchisee's, its architect, or its general contractors certification that the Hotel is in compliance with the Plans and Designs, System, Standards, and Laws and Franchisor's approval of such certification in its sole discretion. Franchisor will conduct a final inspection of the Hotel, at Franchisee's cost and expense, within thirty (30) calendar days after Franchisee gives Franchisor written notice that the Hotel is ready to open for business (the "**Pre-Opening Inspection**"). Franchisor's determination that Franchisee has met all of Franchisor's pre-opening requirements will not constitute a representation or warranty, express or implied, that the Hotel complies with any Law or a waiver of Franchisee's non-compliance or Franchisor's right to demand full compliance with such pre-opening requirements or any other provision of this Agreement. Franchisee may not open the Hotel until Franchisee receives Franchisor's written authorization that Franchisee can open the Hotel. If Franchisee fails Pre-Opening Inspection, Franchisor may, in its sole business judgement, charge Franchisee Franchisor's costs and fees associated with any necessary additional visits before Franchisor's written authorization that Franchisee can open the Hotel is granted.

4.4.2 Franchisor is entitled to withhold its written authorization to open the Hotel until:

4.4.2.1 Franchisee's architect, general contractor, or other certified professional provides Franchisor with a certificate stating that the as-built Hotel complies with all Laws applicable to the operation or the Hotel and specifically relating to accessibility and accommodations and facilities for those with disabilities.

4.4.2.2 Franchisee has complied with all of the terms and conditions in this Agreement required as of the date of notice of written authorization from the Franchisor; and

4.4.2.3 Franchisee has received written authorization to open the Hotel from all relevant government authorities for the jurisdiction in which the Hotel is located and has paid all fees required by Law to such governmental authorities.

4.4.3 Opening the Hotel before receiving Franchisor's written authorization to open the Hotel constitutes a material breach of this Agreement.

4.4.3.1 Franchisee will pay to the Franchisor liquidated damages in the amount of Five Thousand Dollars ($5,000) per day if Franchisee opens the Hotel before receiving Franchisor's written authorization to open the Hotel to compensate Franchisor for the damage caused by such breach. Franchisee must also reimburse Franchisor for all costs and expenses including legal fees incurred in enforcing Franchisor's rights under this Agreement.

4.4.3.2 Franchisee acknowledges and agrees that the liquidated damages payable under this Section 4.4.3 represent a reasonable estimate of the minimum just and fair compensation for the damages Franchisor will suffer as the result of the opening of the hotel before receiving Franchisor's

written authorization to open the Hotel in material breach of this Agreement. These liquidated damages for damage to Franchisor's Brand shall not limit or exclude any other remedies Franchisor may have at law or in equity.

4.5 Comfort Letter. If Franchisee's Lender (a "**Comfort Letter Party**") asks Franchisor to sign a comfort letter, non-disturbance agreement, or other agreement in connection with issuing financing to Franchisee, Franchisor may provide such comfort letter or other agreement in Franchisor's sole discretion upon terms and conditions satisfactory to Franchisor, including Franchisee's payment of Franchisor's then-current fee for the provision of such comfort letter or other agreement.

4.6 Maintenance, Hotel Refurbishment and Room Addition.

4.6.1 Franchisee must maintain the Hotel in good repair and in conformity with the Standards and Laws. Franchisee must make renovations, repairs, alterations, and replacements to the Hotel as required by the Standards, which may include material renovations, repairs, alterations and replacements and/or property improvement plans or other written requirements provided by Franchisor from time to time setting forth renovations, repairs, alterations and replacements that Franchisee is required to perform. Franchisee may not make any material alterations to the Hotel without Franchisor's prior written consent in Franchisor's sole discretion, and then subject to the same processes, procedures and consents as with initial construction or renovation. Franchisee acknowledges that every detail of the System is important to Franchisor and other franchisees operating under the System because such details develop and maintain the Standards and brand image of the System, to protect Franchisor's reputation and goodwill, and to increase the demand for the lodging services offered by Brand Hotels, and Franchisee agrees to comply with all of the foregoing.

4.6.2 Franchisor may periodically require Franchisee to modernize, rehabilitate, or upgrade the Hotel's fixtures, equipment, furnishings, furniture, signs, computer hardware and software and related equipment, supplies, and other items to meet the then-current Standards. Franchisee will make these changes at its sole cost and expense and within the time period that Franchisor requires.

4.6.3 Franchisee may not make any change in the Initial Number of Approved Guest Rooms set forth in Item 19 on Exhibit A without Franchisor's prior written consent in Franchisor's sole discretion. If Franchisee wishes to add additional Guest Rooms to the Hotel after the Opening Date, Franchisee must submit an application to obtain Franchisor's consent, pay to Franchisor the then-current Room Addition Fee, and execute an amendment to this Agreement in a form required by Franchisor. As a condition of Franchisor's approval of Franchisee's application to add additional Guest Rooms, Franchisor may require that Franchisee modernize, rehabilitate, or upgrade the Hotel in accordance with Section 4.6.2 of this Agreement.

4.7 Supplies. To ensure that items at Brand Hotels are uniform and of similar quality and to maintain the identity, integrity, and reputation of the System, Franchisee will use only Supplies that comply with the Standards.

4.8 Suppliers. Franchisor may designate suppliers, including Franchisor (and Franchisor, an Affiliate or a third party may be the only designated supplier for certain items), for certain Supplies. Franchisee consents to communications from such suppliers. Unless the Standards require otherwise, Franchisee is not required to use Franchisor's designated suppliers and may procure Supplies from any source that is not disapproved by Franchisor in its sole discretion so long as the Supplies comply with the Standards. Franchisor may require suppliers of Supplies and other products and supplies that are identified with Brand Hotel and/or other Network Hotels to execute designated supplier agreements with Franchisor. If Franchisee requests evaluation by Franchisor of a supplier who is not then an approved System supplier,

Franchisee must pay Franchisor's then-current Supplier Review Fee, which is nonrefundable and due upon receipt of an invoice. Franchisor's designation of a supplier is not a warranty of the supplier's financial condition or performance. Franchisee will not purchase from suppliers whose Supplies fail to meet the Standards.

5. FRANCHISEE'S RESPONSIBILITIES

5.1 Management of the Hotel.

5.1.1 Either Franchisee or a Management Company (as applicable, the "**Manager**") must manage the Hotel, in either case subject to Franchisor's prior approval in its sole discretion. Regardless of whether Franchisee or a Management Company is the Manager, Franchisee is at all times responsible for complying with the obligations of this Agreement and Franchisee must at all times retain and exercise direct management control over the Hotel's business. Franchisee shall not enter into any lease, management agreement, or other similar arrangement for the operation of the Hotel or any part thereof (including without limitation, retail or food and/or beverage service facilities) with any natural person or Entity without the prior written consent of Franchisor in each instance. The Person identified in Item 16 on Exhibit A is the approved Manager at opening. The Manager must successfully complete the training required by Franchisor before the Opening Date if the Hotel is newly constructed or within 60 days of the Opening Date if the Hotel is a converted Brand Hotel, or within 60 days of hire for a new or replacement Manager.

Franchisor may withdraw its approval of a Manager at any time, including if Franchisor determines that the Manager fails to manage the Hotel to the Standards, or otherwise manages the Hotel in such a way that may adversely reflect upon or affect the Hotel, the Brand, the System, Franchisor, or Franchisor's affiliates. The approval by Franchisor of any such lease, management agreement or other similar arrangement for operation of the Hotel or any part thereof shall in no way relieve, reduce, mitigate or waive any of the responsibilities of Franchisee under this Agreement, it being understood that all such responsibilities shall at all times remain the obligation of Franchisee. Franchisee must provide Franchisor with all information requested by Franchisor from time to time regarding ownership, control and management of the Hotel and of Franchisee.

5.1.2 If the Manager is a Management Company, Franchisee must promptly notify Franchisor if: **(a)** there is a Change of Control of the Management Company; **(b)** the Management Company becomes a Competitor (or an Affiliate of a Competitor) or a Sanctioned Person (or an Affiliate of a Sanctioned Person); **(c)** the Management Company becomes the principal management company for a Competitor; or **(d)** there is a material adverse change to the financial condition or operational capacity of the Management Company. Franchisee must provide Franchisor with additional information that Franchisor requires regarding any of the above circumstances. Franchisor may in Franchisor's sole discretion require Franchisee to retain a replacement Management Company upon the occurrence of any of the above circumstances. Franchisee will ensure that its contract with its Management Company provides that Franchisee may terminate the contract under any of these circumstances.

5.1.3 The Manager must employ a full-time, qualified, competent general manager who has completed the required training set forth in Section 6.2. The Manager may employ a multi-unit general manager to supervise multiple Hotels, upon requesting and receiving Franchisor's prior written consent in Franchisor's sole discretion.

5.2 Operating the Hotel. From the Opening Date forward, Franchisee must cause the Hotel to be operated twenty-four (24) hours a day, seven (7) days a week, in compliance with this Agreement and the Standards. Franchisee will operate the Hotel so as to maximize Gross Rooms Revenue of the Hotel

consistent with sound marketing and industry practice and will not engage in any conduct that reduces Gross Rooms Revenue of the Hotel in order to further other business activities. Throughout the entire Term, Franchisee will at its sole cost and expense maintain a high moral and ethical standard and atmosphere at the Hotel, maintain the Hotel in a clean, safe and orderly manner and in first class condition, provide efficient, courteous and high-quality service to the public, ensure that no part of the Hotel or the System is used to promote, and Franchisee itself does not further or promote a competing business or other lodging facility, except as Franchisor may approve for businesses or lodging facilities owned, licensed, operated or otherwise approved by Franchisor or its Affiliates, use every reasonable means to encourage use of System and/or Network facilities everywhere by the public; and in all respects use Franchisee's best efforts to reflect credit upon and create favorable public response to the Brand. Franchisee will not use the Hotel or the Site for any other purpose or activity without Franchisor's consent in Franchisor's sole discretion. Without limiting the foregoing, Franchisee will not, without Franchisor's prior approval in Franchisor's sole discretion: **(i)** knowingly permit gambling to take place at the Hotel or use the Hotel for any casino, lottery, or other type of gaming activities, or directly or indirectly associate with any gaming activity; **(ii)** knowingly permit adult entertainment activities at the Hotel; or **(iii)** sell, display or use in the Hotel any vending machines, honor bars, video or other entertainment devices or similar products.

5.3 Staffing and Employment. The Franchisee or Manager, as applicable, is responsible for hiring, terminating, and supervising suitable, qualified and sufficient Hotel staff and is the sole employer of the Hotel staff. The Manager's employees are not Franchisor's employees, joint or otherwise. Franchisor exercises no direction or control over the Franchisee's or Manager's, as applicable, employment policies, practices, discipline, recruitment or termination or other decisions related to the Hotel. Franchisee acknowledges and agrees that Franchisee, or Manager, as applicable, is the sole employer of the employees working at the Hotel and that Franchisee is solely responsible for all employment decisions, regardless of whether Franchisee has received guidance with respect to such matters from Franchisor. Neither Franchisee nor any of Franchisee's employees whose compensation Franchisee pays may in any way, directly or indirectly, expressly or by implication, be construed to be Franchisor's employee for any purpose, including but not limited to with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. Franchisor will not have the power to hire or fire Franchisee's employees. Franchisee expressly agrees, and will never contend otherwise, that Franchisor's authority under this Agreement to approve certain of Franchisee's employees for qualification to perform certain functions for the Hotel does not directly or indirectly vest in Franchisor the power to hire, fire or control any such employee. Franchisee further agrees that any such minimum requirements established by Franchisor are solely for the purpose of ensuring that the Hotel is at all times operated in accordance with the Standards and with the attributes of the Brand known to, and desired by, the consuming public and associated with the Marks. Moreover, Franchisee agrees that any training provided by Franchisor for Franchisee's employees is intended to impart to those employees, under Franchisee's ultimate authority, the various procedures, protocols, systems and operations of the Hotel and in no fashion reflects any employment relationship between Franchisor and such employees. Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agrees to assist Franchisor in defending said allegation, including, if necessary, appearing at any venue requested by Franchisor to testify on Franchisor's behalf and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

5.4 Systems. Franchisee must purchase, lease, license, subscribe, access and maintain property management, revenue management, telephone, telecommunication, entertainment, and high-speed internet systems, and other computer and technology systems, services, hardware, software, networks and

connectivity on required terms and conditions including fees and charges and including those in the Hotel Technology Agreement, which Franchisee must execute, and Standards, each as Franchisor requires in its discretion, including any replacements, additions, enhancements, supplements, fixes, patches, updates, modifications, or variants that may be developed during the Term.

5.5 Reservation Service. Franchisee must participate in the Reservation Service that Franchisor designates, including any replacements, additions, enhancements, supplements, fixes, patches, updates, modifications, or variants that Franchisor may develop or adopt, and must honor and give first priority for available rooms to all confirmed reservations booked through the Reservation Service. Franchisee must exclusively use only the Reservation Service for Hotel bookings, unless Franchisor approves in its sole discretion other reservation services or systems. From time to time, additional reservation, sales, revenue management, call center, point of sale, and other services and systems may be offered or required and Franchisee will comply with all terms and conditions thereof, including execution of required agreements and payment of all required fees and costs.

5.6 Loyalty Programs. Franchisee must participate in and honor the terms and conditions of any loyalty, discount, amenity, service or promotional programs required by the Standards, any Guest Room rate quoted to prospective guests when they make reservations, any fees charged by such programs, and any award certificates (including, credit toward food purchases or internet or other items or amenities) issued to Hotel guests participating in these programs.

5.7 Pricing and Rates. Franchisee is responsible for setting its own room rates and prices for all products and services at the Hotel, including determining any prices or rates that appear in the Reservation Service. Franchisor may: **(i)** prohibit certain types of charges or billing practices that Franchisor determines are misleading or detrimental to the System; **(ii)** require that Franchisee price consistently in all channels; and **(iii)** impose other pricing requirements permitted by Law. Franchisor may recommend prices or rates for the products and services offered by Franchisee or require participation in various sales or inventory management programs or promotions offered by Franchisor. Franchisor's recommendations are not mandatory; Franchisee is ultimately responsible for determining the prices or rates at which it offers its products and services, and Franchisor's recommendations are not a representation or warranty by Franchisor that the use of such recommended prices or rates will produce, increase, or optimize Franchisee's profits. Franchisor will have no liability for any such recommendations, including those made in connection with any sales activity or inventory management. Franchisee will provide its prices and rates for use in the Reservation Service in accordance with the Standards. Franchisee will: **(a)** honor any prices, rates or discounts that appear in the Reservation Service or elsewhere; **(b)** honor all reservations made through the Reservation Service or that are confirmed; and **(c)** not charge any Hotel guest a rate higher than the rate specified for the Hotel guest's reservation in the Reservation Service or, if not made through the Reservation Service, in the reservation confirmation. Franchisee will also honor all pricing and terms for any other product or service offered in connection with the Hotel.

5.8 Compliance with Laws. Franchisee must strictly comply with all Laws, including all Laws concerning Franchisee, Franchisee's operations and services, the Site, and the Hotel's development, construction, renovation, and operation and with all requirements of the System and the Standards as they may be modified by Franchisor in its discretion from time to time. Franchisee shall be solely responsible for and Franchisor shall have no responsibility for any and all permits, certificates and licenses necessary for the full and proper development and operation of the Hotel, including, without limitation, licenses to do business, trade, fictitious or assumed name registrations, building permits, sales tax permits, health and sanitation permits and ratings, fire clearances, architecture or engineering, for code, zoning, or other requirements of the laws, rules, regulations or ordinances of any state, local municipality, urban community, or provincial or federal governmental body, including any errors, omissions, or discrepancies of any nature in any drawings

or specifications obtained by Franchisee, including those provided by Franchisor. Without limiting the foregoing, Franchisee shall be solely responsible for compliance with any requirements of the Americans with Disabilities Act, Payment Card Industry Data Security Standards, state and federal privacy and data security legislation and Personal Identifiable Information laws or regulations. Franchisee shall promptly report to Franchisor all incidents involving safety, security, public relations or serious injury to persons or property that occur at, or involve, the Hotel, and all other incidents that the Standards require to be reported to Franchisor, and shall consult with Franchisor or its designated affiliate before speaking to or corresponding with the media about any such incident. Franchisee shall otherwise comply with those portions of the safety, security and public relations provisions designated as required in the Standards. Notwithstanding the foregoing, Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to maintain the safety and security of its employees, guests and others who may be on the Hotel premises.

5.9 No Diverting Business. Franchisee will not use any part of the Hotel for any business other than operating a Brand Hotel. Franchisee may not use the Hotel or the System to promote other businesses or other lodging facilities not in the Network, and may only divert business from the Hotel to another hotel in compliance with the Standards and subject to Franchisor's sole discretion.

5.10 Landlord. If the Site is leased to Franchisee, the Landlord is listed on Item 17 on Exhibit A. Franchisee may not terminate, assign, or amend its lease or the parties to the lease without Franchisor's prior written consent in Franchisor's sole discretion. Any lease provisions required by Franchisor to be contained in Franchisee's lease for the Site are listed in Item 20 on Exhibit A.

5.11 Advertising and Promotion. Other than as Franchisor may require pursuant to any advertising or marketing program Franchisor may undertake, Franchisee shall advertise and promote the Hotel and related facilities and services on a local and regional basis at Franchisee's expense in a first-class, dignified manner, using Franchisor's identity, graphics, and Standards. Samples of any advertising and promotional materials not previously approved or disapproved by Franchisor (in any form or medium that exists now or is developed in the future) must be approved in writing pursuant to Section 8.3.2 below before Franchisee produces and distributes them. Franchisee must immediately discontinue its use of any advertising or promotional materials Franchisor disapproves.

5.12 Guest Complaints. Franchisee must participate in and pay all charges associated with all System guest complaint resolution programs that Franchisor requires. Such programs may include chargebacks to the Hotel for guest refunds or credits and all required System quality assurance programs, such as guest comment cards, customer surveys, and mystery shopping programs. Franchisee must maintain such minimum performance standards and scores for quality assurance programs as Franchisor may establish from time to time.

5.13 Payment Cards. Franchisee must honor all nationally recognized payment cards, payment vouchers and electronic payment methods for general payment purposes that Franchisor requires, and must enter into all payment card, voucher and electronic payment agreements with issuers of such cards, vouchers and payment methods as necessary for that purpose.

5.14 Cross Marketing. Franchisee may not engage, directly or indirectly, in any cross-marketing or cross-promotion of the Hotel with any other Hotel or related business without Franchisor's prior written consent in Franchisor's sole discretion. Franchisee agrees to refer current and prospective guests and customers only to Brand Hotels or Network Hotels. Franchisor may require Franchisee to participate in programs designed to refer prospective customers to Other Hotels. Franchisee must display all material, including brochures and promotional material that Franchisor provides for Brand Hotels and Network Hotels. Franchisee may not allow advertising and promotion unrelated to Brand Hotels and

Network Hotels on the Hotel Site unless Franchisor specifically directs or permits Franchisee to include advertising or promotion of Other Hotels.

5.15 Standards, Other Confidential Information. Franchisee must treat as proprietary and confidential the Standards and other Confidential Information, contained in the Standards Manual, and other collateral documents, regardless of form or format, provided and updated as Franchisor requires in its sole discretion. Franchisee acknowledges and agrees that it does not acquire any interest in the Standards and other Confidential Information other than the right to use the same in the development and operation of the Hotel pursuant to this Agreement during the Term. Franchisee agrees that it will not use the Standards or other Confidential Information in any business of for any purpose other than in the development and operation of the Hotel under the System during the Term. Franchisee agrees and acknowledges that the Standards and other Confidential Information are proprietary and constitute trade secrets of Franchisor and its Affiliates which have commercial value. Without Franchisor's prior written consent in Franchisor's sole discretion, Franchisee may not at any time copy, duplicate, record, reproduce, or otherwise transmit or make available to any unauthorized Person all or any part of the Standards or other Confidential Information. Franchisee may divulge the Standards and other Confidential Information only to those of Franchisee's employees or agents who require them for the development or operation of the Hotel, and only if those employees or agents are **(i)** apprised of the confidential nature of the information before it is divulged to them and **(ii)** bound by confidentiality obligations substantially similar to those in this Section. Franchisee is liable for any breaches of these confidentiality obligations by Franchisee's employees or agents. Franchisee will maintain the Standards and other Confidential Information in a safe and secure location and will immediately report to Franchisor any theft or loss of all or any part of the Standards or other Confidential Information. Franchisee will adopt and implement all procedures Franchisor may periodically require in Franchisor's sole discretion to prevent unauthorized use or disclosure of the Confidential Information, including without limitation use of non-disclosure and non-competition provisions in agreements with employees, agents, and independent contractors who have access to the Standards and other Confidential Information. Franchisee agrees that the existence of any Claims it may have against Franchisor or Franchisor's Affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section. Franchisee further acknowledges that any violation of the terms of this Section would result in irreparable injury to Franchisor or its Affiliates for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by them in violation of the terms of this Section. Franchisee agrees to pay all costs and expenses (including legal fees and court costs) incurred by Franchisor or its Affiliates in connection with the enforcement of this Section, including all costs and expenses for obtaining specific performance, or an injunction against any violation, of the requirements of this Section. The restrictions in this Section shall survive the termination or expiration of this Agreement.

5.16 The Site. Franchisee will own fee simple title (or long-term ground leasehold interest for a term equal to or greater than the Term) to the real property and improvements that comprise the Hotel and the Hotel Site, or alternatively, at Franchisor's requirement cause the fee simple owner, or other third party acceptable to the Franchisor to provide its guaranty covering all of the Franchisee's obligations under this Agreement in form and substance acceptable to Franchisor.

5.17 Legal Possession. Franchisee shall maintain legal possession and control of the Hotel and the Site for the Term. Franchisee must promptly deliver to Franchisor a copy of any notice of default Franchisee receives from any mortgagee, trustee under any deed of trust, or ground lessor for the Hotel, and must provide any additional information Franchisor may require regarding any alleged default.

5.18 Timeshares. Franchisee, Franchisee's officers, directors, general partners or owners of 25% or more of Franchisee's Equity Interests may not directly or indirectly conduct or permit the marketing or sale

of timeshares, vacation ownership, vacation club, residence club, fractional ownership, condominiums, apartment leasing or rental business, or like schemes at, or adjacent to, the Hotel or for any facility or business that shares directly or indirectly, common areas, amenities, recreation facilities, services, supplies or support activities with the Hotel without Franchisor's prior written consent in Franchisor's sole discretion.

5.19 Advertising Programs. Franchisee must participate in all advertising programs as Franchisor may require from time to time, as more fully set forth in Section 8 of this Agreement. Franchisee must also participate in any friends, family and/or employee rate and availability programs as required by Franchisor in its discretion. Franchisee will undertake local advertising, marketing, promotional, sales and public relations programs and activities for the Hotel, including preparing and using any Marketing Materials, in accordance with the Standards.

5.20 Other Businesses. Franchisee may not share or comingle the business operations and Hotel facilities with any Other Hotel or other business if such sharing or comingling may result in Franchisee's breach of its obligations hereunder, including those pursuant to Section 5.15 or Section 12.

5.21 Franchisee Affiliates. Franchisee must promptly provide to Franchisor all information Franchisor requires about Franchisee and its affiliates (including Franchisee's respective beneficial owners, officers, directors, shareholders, partners, or members) and about title to the property on which the Hotel is constructed and any other property used by the Hotel.

5.22 Tenants in Common. Franchisee may not engage in any tenant-in-common syndication or Transfer of any tenant-in-common interest in the Hotel or the Hotel Site without Franchisor's prior written consent in Franchisor's sole discretion.

6. FRANCHISOR RIGHTS

6.1 Pre-Opening Visit. Franchisor may require a pre-opening visit to the Hotel to assist with the Hotel's opening, for which Franchisee will reimburse Franchisor for Franchisor's Travel Costs and pay associated fees and charges.

6.2 Training. Franchisor or Franchisor's Affiliates may specify and provide required or optional initial, periodic, remedial and other training programs from time to time, both in-person and online, for which Franchisor may charge non-reimbursable training and other fees, charges and costs. Franchisor may also require periodic attendance at System and/or Network conferences. Franchisee will attend and complete all required training programs and conferences as and when required to Franchisor's satisfaction in Franchisor's sole discretion and pay all associated fees, tuition, training materials, supplies, and Travel Costs of Franchisee's employees and representatives as and when required by Franchisor. If Franchisor holds training at the Hotel, Franchisee will not charge for lodging and will reimburse Franchisor for Franchisor's associated Travel Costs.

6.3 Consultation. From time to time in Franchisor's sole discretion, Franchisor may make consultation and advice services available to Franchisee about the operation of the Hotel as a Brand Hotel and may require Franchisee to reimburse Franchisor for Franchisor associated Travel Costs and pay associated fees and charges.

6.4 Inspections/Compliance Assistance and Quality Assurance Program. Franchisor may physically and/or electronically enter and inspect the Hotel and operations, books, records, accounts, tax returns, systems, real or personal property related thereto at any time and from time to time, without notice to Franchisee, including without limitation to determine whether the Hotel is in compliance with the

Standards and this Agreement. Franchisor may also include the results of guest satisfaction surveys as well as unsolicited feedback received from Franchisee's guests in Franchisee's final quality assurance score. Franchisor may publish and disclose the results of quality assurance inspections and guest surveys. Franchisor may, at Franchisor's sole discretion, implement a chain-wide quality assurance/mystery shopper inspection program to be performed by a third party. Franchisee must provide complimentary lodging for the inspectors when they visit the Hotel. Franchisee and Hotel staff will cooperate fully and completely with the inspector and facilitate such inspection. If Franchisor determines that the Hotel is not in compliance with the Standards or this Agreement, Franchisor will instruct Franchisee to correct the identified deficiencies. Franchisee will ensure that Hotel personnel attend any related training that Franchisor may specify, at Franchisee's sole cost and expense. Franchisee will pay Franchisor's then-current inspection fee and will reimburse Franchisor for direct or third party Travel Costs, fees, charges and other costs incurred in any follow-up inspections, audits, remediations, and re-evaluation visits and pay any costs, fees or charges required to fully correct all deficiencies.

6.5 Delegation. Franchisor may delegate performance of any portion of Franchisor's rights and obligations under this Agreement to third parties, including independent contractors, Affiliates, and agents. At Franchisor's sole discretion, Franchisor may require deposits, pre-payments, or payments including Travel Costs for exercising these rights and obligations to be made directly to these parties.

7. SYSTEM AND STANDARDS

7.1 Modifications of the System and Standards. Franchisor may make changes to the System and the Standards, including material changes, additions, substitutions or deletions, at Franchisor's sole discretion at any time and from time to time. Franchisee must comply with all such changes in accordance with schedules established by Franchisor. Franchisor is not liable to Franchisee for any expenses, losses, damages or charges that Franchisee may incur as a result of any such changes. Franchisee acknowledges and will not contest, either directly or indirectly, Franchisor's and its Affiliates' unrestricted and exclusive ownership of and right to use the System and any element(s) or component(s) thereof, or that Franchisor or any of its Affiliates has the sole and exclusive right to grant licenses to use all or any element(s) or component(s) of the System and will not take any other action in derogation of such ownership and rights of Franchisor and any of its Affiliates.

7.2 Access to Standards. Franchisor will make the Standards available to Franchisee in the Standards Manual and other collateral documents. Franchisor will license Franchisee access to the Standards Manual during the Term, in digital, electronic or other computerized form, or, at Franchisor's sole discretion, in hard paper copy, each according to the license set forth hereinabove. If there is a Dispute relating to the contents of the Standards Manual, Franchisor's master copy will be controlling whether kept on paper or electronically. Franchisee will ensure that its copy of the Standards Manual is at all times current and up to date.

8. ADVERTISING AND MARKETING; FRANCHISOR WEBSITE

8.1 Franchisor Marketing Initiatives. Franchisee must participate in all marketing, advertising, sales, promotion, publicity, quality, internet, social media, guest satisfaction, market research initiatives, programs and activities that Franchisor periodically requires for the Hotel in Franchisor's sole discretion and in the manner that Franchisor may specify, including the Reservation Service, loyalty programs, and electronic channel requirements, and will not participate in and will discontinue and/or modify any initiatives or programs as required by Franchisor from time to time in its sole discretion. Franchisee will ensure conduct of all such in compliance with the Standards and Laws and, subject to the foregoing, all agreements entered into by Franchisee and payment of all fees and charges in connection therewith.

8.2 Approval of Marketing Programs and Marketing Materials.

8.2.1 Subject to Franchisee's compliance with the Standards and Laws and with this Agreement, including Section 5.11 above, and at Franchisee's sole cost and expense, Franchisee may conduct local and regional marketing, advertising, and promotional programs for the Hotel.

8.2.2 Franchisee must submit to Franchisor samples of all Marketing Materials that reference any of the Marks and must receive Franchisor's prior written approval in Franchisor's sole discretion before using any such Marketing Materials. If Franchisor does not expressly approve the Marketing Materials within ten (10) business days of receiving them, they are deemed to be disapproved. Franchisee's Marketing Materials must be true, accurate and correct. Franchisee will immediately notify Franchisor in writing if any correction or modification to Franchisee's Marketing Materials is necessary and immediately make such correction and modification in all uses of such Marketing Materials. Any approved Marketing Materials may be used by other Brand Hotels or Network Hotels without compensation to Franchisee. All advertising and promotion by Franchisee must be factually accurate and shall not detrimentally affect the Marks or the System, as Franchisor determines in its sole discretion. From time to time, Franchisor may issue and/or revise policies and Standards on advertising, promotion, marketing, electronic channels, and social media use. Franchisee represents, warrants, covenants and agrees that it will take all steps necessary to ensure compliance with all of the requirements of any such policies and Standards.

8.3 Franchisor Website; Travel Services Channels.

8.3.1 Franchisor and its Affiliates own and maintain the Website to advertise, market, and promote Brand Hotels and Network Hotels at Franchisor's sole discretion, and may provide each participating Brand Hotel page(s) on the Website. Franchisee must periodically provide to Franchisor or such entity as Franchisor may designate such information, photographic or other images, and other materials as Franchisor may require relating to the Hotel's page(s) and/or Travel Services Channels, and must promptly notify Franchisor whenever any information, images, or materials on the Hotel's page(s) or Travel Services Channels require modification or replacement. Franchisee must ensure that all information, images, and materials on the Hotel's page(s) and Travel Services Channels are current, accurate, and not misleading, and do not violate this Agreement, Standards, or any Laws or infringe any third party's intellectual property, privacy, or other rights. Franchisor has sole discretion over the information, images, and materials appearing on Franchisor's website, including on the Hotel's page(s), and on Travel Services Websites. Franchisor owns all intellectual property rights and other rights in the Website, including in the Hotel's page(s), and on Travel Services Channels. Franchisee may only use and permit domain names that Franchisor assigns for use to Franchisee or otherwise approves in writing prior to use in Franchisor's sole discretion. Franchisor may implement new Standards and periodically modify Standards, including Standards applicable to the Website, curate the content of the Website, approve or disapprove particular Travel Service Channels, or discontinue the Website or any part of its content, each at any time and from time to time.

8.3.2 Franchisee may not develop, maintain, use or authorize any use of the Website, Travel Service Channel or other electronic medium that relates to the Network, System, or Hotel, facilitates reservations for the Hotel, or includes all or any part of any of the Marks or any terms confusingly similar to the Marks, including in Franchisee's domain name or URL, search engine optimization or search engine marketing, without Franchisor's consent in Franchisor's sole discretion (which may be contained from time to time in Standards). Franchisee shall not use, own, register, apply, or otherwise take title to any corporate, legal, domain name, website, electronic communication sites including mobile applications, social media sites or the like ("**Sites**"). For purposes of this Section, "Sites" includes Facebook, Twitter, Instagram, Snapchat, Linked In, YouTube, Pinterest, Tumblr, or any other social media or pictorial media site. Franchisee will immediately assign ownership of any Sites, in whole or in part, to Franchisor upon request

by Franchisor. Franchisee further agrees to immediate relief, under ADR, WIPO or any other forum including but not limited to injunctive relief in favor of Franchisor for violation of this Section. Franchisee agrees to reimburse Franchisor for any legal fees and costs for violation of this Section. Franchisee hereby agrees that any and all domain names and Sites will inure to the benefit of Franchisor and will irrevocably assign and transfer to Franchisor all of Franchisee's right, title and interest in any such Sites containing the Marks. Franchisee will immediately authorize and instruct the cancellation or transfer of any Sites or domain names to Franchisor in violation of this Section. Any Franchisee use of the Marks on any channel must conform to the Standards and Laws. Franchisor may withdraw Franchisor's approval of any Travel Services Channel, Site, website, other online presence, or other electronic medium in Franchisor's sole discretion.

9. MARKS

9.1 Ownership and Goodwill. Franchisor's Affiliate has licensed the Marks to Franchisor to use and sublicense in franchising, developing, and operating Brand Hotels. Franchisee's right to use the Marks is derived only from this Agreement and is limited to use in connection with operating and promoting the Hotel pursuant to this Agreement during the Term. Franchisee's unauthorized use of the Marks is a material breach of this Agreement and infringes on the rights of Franchisor and its Affiliates. Franchisee acknowledges that Franchisee's use of the Marks and any goodwill established by that use inure exclusively to Franchisor and its Affiliates, and that this Agreement does not confer upon Franchisee any goodwill, ownership rights, or other interest in the Marks, other than the right to operate and promote the Hotel during the Term. Franchisee may not contest or assist any other person or entity in contesting the validity or ownership of the Marks.

9.2 Limitations on Franchisee's Use of Marks. Franchisee will use the Marks: **(i)** only in connection with the operation and promotion of the Hotel during the Term; **(ii)** only as provided in this Agreement and in the Standards, and as Franchisor otherwise expressly authorizes; and **(iii)** only in a manner that will not harm or damage Franchisor, the System, or the Marks. Franchisee will not use any Mark in connection with the Hotel or the System that is not a Franchisor Mark, including the names of restaurants or other outlets at the Hotel ("**Other Marks**") without Franchisor's prior approval. Franchisee will not use any Other Marks that may infringe or be confused with a third party's trade name, trademark or other rights in intellectual property. Franchisee hereby provides a worldwide, perpetual, irrevocable and fully paid-up right and license to use the Other Marks to Franchisor and its Affiliates in any medium and manner. Franchisee represents that there are no Claims or proceedings that would materially affect Franchisor's use of the Other Marks. Franchisee must post in the Hotel readily visible to the public in a prominent place, and on any other materials that Franchisor may require, a notice indicating that Franchisee is a licensed operator of a Brand Hotel and is permitted to use the Marks under a license in accordance with the Standards. Franchisee acknowledges that any unauthorized or prohibited use of any of the Marks will constitute infringement of Franchisor's rights and a material breach of this Agreement. Franchisee may not take any action to record this Agreement or apply for any rights, registrations, or interests in any Marks without Franchisor's prior written permission and direction to do so. If Franchisee registers or applies to register any Marks in violation of this Agreement, then Franchisor, in addition to all other remedies available to it at law or in equity, may require Franchisee, at Franchisee's expense, to cancel such application or registration or transfer such application or registration to Franchisor.

9.3 Third-Party Infringements or Challenges. Franchisee must notify Franchisor immediately of any apparent infringement or challenge to Franchisee's use of any Mark or of any third party's Claim of any rights in any Mark. Except as required by Law, Franchisee may not communicate with any person other than Franchisor, its Affiliates, and its attorneys regarding any infringement, challenge, or Claim. Franchisor may take any action Franchisor deems appropriate in its sole discretion (including no action) in response to such notification. Franchisor may control exclusively any litigation, administrative

proceeding, or other effort to address any such infringement, challenge, or Claim concerning any Mark. Franchisee agrees that it will sign any documents and take any other actions that Franchisor or its counsel deem necessary or advisable to protect Franchisor's interests in any litigation, administrative proceeding, or effort to address any such infringement, challenge, or Claim and to protect Franchisor's interests in the Marks.

9.4 Modification or Discontinuation of Marks. Franchisor in its sole discretion may modify, discontinue, add to, or substitute for, any of the Marks or adopt entirely different or new Marks, all without any liability to Franchisee for doing so. Franchisee will implement any such modifications, discontinuations, additions, or substitutions at Franchisee's expense in accordance with Franchisor's instructions and within the time period Franchisor may specify.

9.5 Ownership After Termination or Expiration. Upon the termination or expiration of this Agreement, Franchisee's rights to use the Marks will automatically cease and will revert to Franchisor without cost and without the execution or delivery of any documentation. Franchisee will execute any documents that Franchisor requires to confirm that all such rights have ceased and reverted to Franchisor.

9.6 Improvements. If Franchisee develops any Improvements to the System, Franchisee must promptly notify Franchisor of such Improvements and provide Franchisor with all information regarding such Improvement. Any Improvements Franchisee develops or proposes are hereby automatically and irrevocably assigned to Franchisor, without payment of any compensation to Franchisee. If any Improvements may be protected by trademark, copyright, patent, trade secret, or otherwise, then upon Franchisor's requirement, Franchisee will execute (and will cause each of Franchisee's employees or independent contractors who contributed to such Improvements to execute) such documentation as Franchisor may require in its sole discretion to transfer ownership of the Improvements to Franchisor and confirm Franchisor's ownership rights to them, including without limitation work for hire and assignment of rights agreements, non-compete agreements, and confidentiality and non-disclosure agreements.

10. RECORDS AND AUDITS

10.1 Maintenance of Books, Records, Accounts. Franchisee must maintain and preserve complete, timely and accurate books, records, and accounts for the Hotel in accordance with the Uniform System, the United States Generally Accepted Accounting Principles, the Laws, and the Standards (which may include equipment, software and network requirements applicable to books, records and accounts), for at least five (5) years from their dates of preparation. Franchisee acknowledges that Franchisee's compliance with the foregoing obligation is a material condition of this Agreement.

10.2 Accounting Statements.

10.2.1 Upon Franchisor's requirement, Franchisee must provide Franchisor with reports, records, information and data, including an operating statement containing Operating Revenue, Gross Room Revenue, and all other information that Franchisor requires, in such form and degree of detail as Franchisor requires.

10.2.2 Upon Franchisor's requirement, Franchisee must provide Franchisor as soon as available, but not later than ninety (90) days after the end of Franchisee's fiscal year, with complete financial statements for the year, which Franchisee must certify as true and correct. The financial statements must be prepared in accordance with the Uniform System and the United States Generally Accepted Accounting Principles, the Laws, and the Standards. Franchisee must also promptly provide Franchisor with any other reports and financial information relating to Franchisee and the Hotel that Franchisor requires.

10.3 Lender Information. Upon Franchisor's requirement, Franchisee must provide Franchisor with current contact information for each Lender and any change in the Lender's information. Franchisee must promptly send Franchisor a copy of any notice of default, notice of termination, or other exercise of any default rights or remedies that Franchisee receives from or delivers to any Lender, along with all other information that Franchisor requires about the default or termination. Franchisor may distribute and share information with any Lender, supplier, or other vendor concerning Franchisee or the Hotel.

10.4 Audit. During the Term and for two (2) years afterward, Franchisor may verify information, processes and procedures required under this Agreement by examining any and all records referred to in this Agreement. Any onsite examination will take place during regular business hours at the location where the records are located or wherever else Franchisor requires. Franchisor may require access to the Hotel including complimentary guest rooms and to Hotel equipment, systems and personnel. Franchisor may also perform an audit of the Site's books and records remotely or electronically without advance notice or Franchisee's knowledge. Franchisee's staff must cooperate with and assist Franchisor's auditors to perform any audit. At Franchisee's sole cost and expense, Franchisee will promptly correct any deficiencies identified in such audits according to any timetables included in audit reports. If the examination discloses a deficiency in any payments due, and the deficiency is not offset by overpayment, Franchisee will immediately pay Franchisor the deficiency and interest as provided in Section 3.5. If the examination discloses a deficiency, or if the examination indicates insufficient accounting procedures to determine the accuracy of the payment calculations, Franchisee will reimburse Franchisor for Franchisor's costs incurred in conducting the examination (including accounting and legal fees). Franchisor's acceptance of audit fees or deficiency payments will not waive Franchisor's rights to pursue a default under this Agreement. If the examination discloses an overpayment, Franchisor will credit the overpayment amount, without interest, against future payments due under this Agreement, without interest, or, if this Agreement has terminated or expired, will promptly refund the overpayment, without interest, to Franchisee.

11. INSURANCE

During the Term, Franchisee will procure and maintain insurance at Franchisee's expense with the coverages, deductibles, limits, carrier ratings, and policy obligations required by the Standards. Such insurance requirements may include: property insurance including business interruption, earthquake, flood, terrorism and windstorm; workers' compensation; commercial general liability; business auto liability; umbrella or excess liability; fidelity coverage; employment practices liability; cyber liability; and such other insurance customarily carried on hotels similar to the Hotel. Franchisor may change such requirements in the Standards and may also require Franchisee to obtain additional types of insurance or increase the amount of coverages. All insurance policies must: **(i)** (except for workers' compensation and fidelity insurance) name as unrestricted additional insureds Franchisor, any Indemnitee that Franchisor designates, and Franchisor's respective employees and agents; **(ii)** provide that the coverages will be primary and that any insurance carried by any additional insured will be excess and non-contributory; **(iii)** contain a waiver of subrogation in favor of Franchisor and Franchisor's designated Affiliates, as applicable; and **(iv)** provide that the policies will not be canceled, non-renewed, or reduced without at least thirty (30) days' prior written notice to Franchisor. Franchisee must furnish Franchisor with certificates of insurance evidencing these requirements (e.g., terms, limits, and names of insurers). Renewal certificates of insurance will be delivered to Franchisor not less than 10 days before their respective inception dates. If Franchisee fails to procure or maintain the required insurance, Franchisor may, in Franchisor's sole discretion, upon ten (10) days' written notice to Franchisee, procure and maintain the required insurance without notice to Franchisee and may require Franchisee to reimburse Franchisor for all related costs and fees of doing so. If Franchisee delegates its insurance obligations to any other Person, Franchisee will ensure that such Person satisfies such obligations. Such delegation will not relieve Franchisee of its obligations under this Agreement and the

Standards. Any failure to satisfy the insurance requirements is a default under this Agreement. Franchisee will cooperate with Franchisor in pursuing any Claim under insurance required by this Agreement.

12. PRIVACY, DATA PROTECTION

12.1 Data and Guest Data. Franchisee acknowledges and agrees that, subject to the Laws, including all applicable Data Protection Laws, all Data and Guest Data that it collects or causes to be collected on its behalf in connection with the development and operation of the Hotel is deemed to be owned exclusively by Franchisor, and Franchisee agrees to provide such Data and GuestData to Franchisor at any time that Franchisor requires. Franchisee has the right to use Data and Guest Data during the Term, but only as authorized by Franchisor in connection with the development and operation of the Hotel for the licensed purposes and only in accordance with policies that Franchisor establishes from time to time. Franchisee may not sell, transfer, or use Data or Guest Data for any purpose other than developing and operating the Hotel during the Term and marketing Franchisor's products and services, each pursuant to the license in this Agreement. All Data and Guest Data that Franchisee provides to Franchisor pursuant to this Agreement must be accurate, not misleading, and in compliance with the Laws, including all Data Protection Laws.

12.2 Data Protection and Privacy. Franchisee agrees to abide by all applicable Data Protection Laws and any other related Laws pertaining to the privacy of consumer, employee, and transactional information (collectively, "**Privacy Laws**"), as well as Franchisor's Standards and policies on data protection and privacy, as such Laws, Standards, and policies may be amended throughout the Term. If Franchisee determines that there is a conflict between Franchisor's Standards and policies and then-current Data Protection Laws or Privacy Laws, Franchisee must: **(i)** comply with the requirements of the applicable law(s); **(ii)** immediately give Franchisor written notice of such conflict; and **(iii)** promptly and fully cooperate with Franchisor and its counsel in determining the most effective way, if possible, to comply with Franchisor's Standards and policies within the bounds of applicable Data Protection Laws and Privacy Laws. Franchisee agrees not to publish, circulate, implement, revise, or rescind any data privacy policy without Franchisor's prior written consent in Franchisor's sole discretion. Franchisee will not take any action that could cause Franchisor to violate any Data Protection Laws or Privacy Laws. Franchisee will indemnify Franchisor and its Affiliates for all costs and damages Franchisor may incur in connection with Franchisee's loss or compromise of Data and Guest Data or Franchisee's non-compliance with Data Protection Laws, Privacy Laws, or the Standards. If Franchisee becomes aware of any loss, theft, or compromise of Data or Guest Data, Franchisee must immediately notify Franchisor and must comply with the notice requirements of all applicable Data Protection Laws and Privacy Laws.

13. CONDEMNATION AND CASUALTY

13.1 Condemnation.

13.1.1 If the entire Hotel is taken or condemned in any eminent domain, taking, condemnation, compulsory acquisition, forced assignment, sale, or like proceeding by any competent authority for any public or quasi-public use or purpose, or if any portion is taken or condemned that in Franchisor's sole discretion makes it imprudent or unreasonable to use the remaining portion as a Brand Hotel, then this Agreement and the Other Agreements will terminate as of the date of the taking or condemnation. Franchisee will provide Franchisor with written notice within the earliest possible time, but at least within twenty (20) days of Franchisee's receipt of notice of any such proposed action. If this Agreement is terminated pursuant to this Section 13.1.1 and if Franchisee and Franchisee's Equity Owners sign a termination agreement (including a release of all Claims against Franchisor and its Affiliates), the Hotel is no longer used as an extended stay or transient lodging facility, Franchisee pays all accrued amounts

and complies with all post-termination obligations, then Franchisor will waive the Termination Fee. However, Franchisor will be entitled to receive a fair and reasonable portion of any condemnation award to compensate Franchisor for its lost revenue, but not more than the amount of the Termination Fee that would have been due. If Franchisee and Franchisee's Equity Owners do not sign the termination agreement within the required time after Franchisor delivers it to Franchisee, then Franchisee will pay the Termination Fee as required by this Agreement in the same manner as required to comply with Franchisee's other post-termination obligations under this Agreement.

13.1.2 If a part of the Hotel is taken or condemned that does not, in Franchisor's sole discretion make it unreasonable or imprudent to operate the remainder as a Brand Hotel, then this Agreement and the Other Agreements will remain in effect, *force majeure* provisions will not apply, the Term will not be extended, and Franchisee will comply with all obligations under this Agreement, and Franchisee will make all alterations or modifications necessary to operate the Hotel as an approved Brand Hotel as expeditiously as possible.

13.2 Casualty.

13.2.1 Franchisee will notify Franchisor immediately if the Hotel is damaged by fire or other casualty. If the cost to repair the damage is within the insurance coverage limits required by the Standards and this Agreement, or if the cost to repair the damage exceeds those insurance limits but Franchisee notifies Franchisor immediately after the casualty that Franchisee intends to repair the damage, then Franchisee will repair the damage promptly, *force majeure* provisions will not apply, the Term will not be extended, and Franchisee will comply with all obligations under this Agreement.

13.2.2 If the cost to repair the damage from a fire or other casualty exceeds the coverage limits required by the Standards and this Agreement and Franchisee notifies Franchisor immediately that Franchisee does not intend to repair the damage, then either Party may terminate this Agreement immediately upon written notice to the other. If this Agreement is terminated pursuant to this Section 13.2.2, the Hotel is no longer used as an extended stay or transient lodging facility, Franchisee pays all accrued amounts and complies with all post-termination obligations, and Franchisee and Franchisee's Equity Owners sign a termination agreement (including a release of Claims against Franchisor and its Affiliates), then Franchisor will waive the Termination Fee. However, Franchisor will be entitled to receive a fair and reasonable portion of any insurance proceeds to compensate Franchisor for its lost revenue, but not more than the amount of the Termination Fee that would have been due. If Franchisee and Franchisee's Equity Owners do not sign the termination agreement within the required time after Franchisor delivers it to Franchisee, then Franchisee will pay the Termination Fee as required by this Agreement in the same manner as required to comply with Franchisee's other post-termination obligations under this Agreement. If this Agreement is not terminated immediately, then Franchisee will repair the damage promptly, *force majeure* provisions will not apply, and Franchisee will comply with all obligations under this Agreement.

13.2.3 Nothing in this Section 13.2 substitutes for or reduces Franchisor's right to insurance proceeds as an additional insured.

14. TRANSFER

14.1 Transfer by Franchisor. Without prior notice to or approval by Franchisee, Franchisor has the right to transfer, delegate or assign all or any part of its rights or obligations under this Agreement or of the System to any person or legal entity. The assignee will be solely and directly responsible for all of Franchisor's obligations under this Agreement existing at or accruing after the date of such assignment. In addition, and without limiting the foregoing, without prior notice or approval by Franchisee, Franchisor

may: **(i)** sell its assets; **(ii)** sell its securities in a public offering or in a private placement; **(iii)** merge with or acquire other corporations, or be acquired by another corporation; or **(iv)** undertake any refinancing, recapitalization, leveraged buy- out, or other economic or financial restructuring.

14.2 Franchisee's Ownership. Franchisee represents and warrants that Exhibit C completely and accurately identifies Franchisee's Equity Owners and their Equity Interests. Franchisee will provide, upon Franchisor's requirement, information about the identity of Franchisee's Equity Owners and their Equity Interests in such form as Franchisor may specify.

14.3 Transfer by Franchisee. The rights and duties set forth in this Agreement are personal to Franchisee, and Franchisor has granted this Agreement in reliance on Franchisee's experience, business skill, financial capacity, and personal character. If Franchisee or any of Franchisee's Equity Owners wishes to Transfer this Agreement, the Hotel (or any material portion of the assets of the Hotel), or the Site, including, a direct or indirect Controlling Equity Interest in Franchisee or any Controlling Equity Owner, whether in one transaction or in a series of related transactions, and regardless of the time period over which these transfers take place, Franchisee must provide Franchisor with notice of the proposed Transfer stating the full name and identity of all of the parties to the proposed Transfer, including owners of such parties and the terms of the Transfer, together with all other related information that Franchisor requires. Within forty-five (45) days after Franchisor receives all of the information Franchisor requires, Franchisor will notify Franchisee that Franchisor either:

14.3.1 Consents to the Transfer, including any conditions that Franchisor requires in Franchisor's sole discretion, which may include:

14.3.1.1 The provision of documents, information, and representations and warranties with respect to the transferee's corporate organization, authority, and ownership;

14.3.1.2 The provision of copies of the documents by which the Transfer is being effectuated, such as the sale and purchase agreement or similar document;

14.3.1.3 The satisfaction of Franchisee's accrued monetary obligations to Franchisor and its Affiliates, including an estimate of the costs and fees not yet accumulated or invoiced;

14.3.1.4 An agreement by the transferee to update or remodel the Hotel, replace furnishings and fixtures, and otherwise modify the Hotel so that it meets the Standards and specifications then applicable to new Brand Hotel franchisees;

14.3.1.5 A general release by Franchisee and all Equity Owners of all Claims against Franchisor and its Affiliates and the respective officers, directors, agents, and employees of Franchisor and its Affiliates; and

14.3.1.6 The submission and approval of a new application and the execution of a new Agreement by the transferee on Franchisor's then-current terms and conditions, including a conversion or relicensing plan, and the payment of Franchisor's then-current initial franchise fee.

14.3.2 Does not consent to the Transfer, in which case the Transfer would constitute a default under this Agreement. In such event, without limitation, the Agreement is subject to termination, the transferee has no right to use the System and may not operate the Hotel under the System, and Franchisee is responsible for all post-termination obligations hereunder.

14.4 Transfer Upon Death. Upon the death or mental incapacity of a person with a Controlling Equity Interest in Franchisee or one of Franchisee's Controlling Equity Owners, that person's executor, administrator, or personal representative ("**Representative**") must, within three (3) months after the date of death or mental incompetency, transfer the person's Equity Interest to a third party, subject to Franchisor's approval and the conditions set forth in Section 14.3. If the transferee is an heir or beneficiary who is a Sanctioned Person or Competitor, the Representative will have six (6) months from the date of death or mental incompetency to dispose of the interest, subject to Franchisor's approval. Franchisor may terminate this Agreement if a transfer fails to occur in compliance with this Agreement within the required time period.

14.5 Securities Offerings and Disclosures.

14.5.1 Offering of Securities. Neither Franchisee nor any Controlling Equity Owner may, without Franchisor's written consent in Franchisor's sole discretion, offer any ownership interests or other securities in a public offering requiring a registration statement with any competent Governmental Entity or in a private placement.

14.5.2 Offering Materials. In the event of an public offering or private placement approved by Franchisor, Franchisee must obtain Franchisor's prior written approval in Franchisor's sole discretion of all disclosure documents and other written or electronic materials that Franchisee or any Equity Owner (or any agents or representative of either of them) intends to provide to any offeree or prospective purchaser of any ownership interests or other securities in Franchisee or in any Equity Owner (if that owner is an entity) if such documents or materials contain information about Franchisor or Franchisor's Affiliates, this Agreement, Franchisor's relationship with Franchisee, the Brand Hotels, or other Network Hotels (collectively "**Offering Materials**"). No Offering Materials may: **(i)** imply or state (by use of the Marks or otherwise) that Franchisor or its Affiliates are participating in such offering or placement, including participation as an underwriter, issuer, or representative of Franchisee; **(ii)** suggest that Franchisor or its Affiliates endorse the offering or agree with any financial projections; or **(iii)** otherwise contain any information about Franchisor or its Affiliates, this Agreement and the Other Agreements, Franchisor's relationship with Franchisee or the Brand Hotels or other Network Hotels that Franchisor disapproves in its sole discretion. At least fifteen (15) days prior to the effective date of such offering or placement, Franchisee shall provide Franchisor with a signed, written certification by Franchisee that Franchisee has complied with all of these requirements. By reviewing and approving the Offering Materials, Franchisor will not in any way endorse the offering or represent that Franchisee or Franchisee's Equity Owner has complied or is complying with Laws. Franchisee must pay all of Franchisor's actual costs (including, but not limited to attorneys' fees) of reviewing the proposed Offering Materials. Franchisor may require changes to the Offering Materials for the purposes specified above and may require full indemnification from Franchisee and all participants in the offering as a condition for Franchisor's consent.

14.6 Mortgages and Pledges to Lending Institutions. Subject to Sections 4.5 and Section 10.3, upon written notice to Franchisor, Franchisee may mortgage the Hotel (but not this Agreement) to a Lender, and Franchisee's Equity Owners may pledge their Equity Interests in Franchisee or any Controlling Equity Owner to a Lender, without having to obtain Franchisor's prior approval.

15. TERMINATION

15.1 Termination After Opportunity to Cure. Franchisor may terminate this Agreement, effective on the date stated in Franchisor's written notice (or the earliest date permitted by Law, if later), without the need to obtain the authorization of any third party or any arbitral, judicial, or administrative resolution, if:

15.1.1 Franchisee fails to pay any amounts due under or pursuant to this Agreement or any Other Agreement, and does not cure that default within ten (10) days after delivery of Franchisor's written notice;

15.1.2 Franchisee fails to do any of the following to Franchisor's satisfaction in a timely manner: **(i)** perform any of the requirements stated in the plans relating to the initial construction or renovation of the Hotel, as applicable, by the dates required for commencement or completion of such requirements; **(ii)** begin or complete any renovation, repair, refurbishment, upgrading, or remodeling of the Hotel that Franchisor or the Standards require; or **(iii)** repair damage from a casualty in accordance with Section 13.2.1.

15.1.3 Franchisee fails to purchase or maintain insurance required by this Agreement and Franchisor elects not to force-place coverage, or Franchisor force-places coverage and Franchisee does not reimburse Franchisor as required; within ten (10) days after delivery of Franchisor's written notice; or

15.1.4 Franchisee fails to comply with any other provision of this Agreement, any Other Agreement, or the Standards and does not cure that default within thirty (30) days after delivery of Franchisor's written notice of default, unless the default is not susceptible of cure within the 30-day period, would not expose Franchisor or its Affiliates to a risk of criminal or civil liability, the default does not relate to health or safety, Franchisee is acting continuously and with all required diligence to mitigate and cure the default, and the default would not result in damage to Franchisor's business reputation or the Marks. In that event, Franchisor may in its sole discretion extend the cure period for up to sixty (60) days if Franchisee proceeds with all required diligence to complete such cure.

15.2 Immediate Termination by Franchisor. Franchisor may terminate this Agreement immediately, without giving Franchisee an opportunity to cure the default, effective upon delivery of written notice (or the earliest date permitted by Law, if later), without the need to obtain the authorization of any third party or any arbitral, judicial, or administrative resolution if:

15.2.1 Franchisee commences any case, proceeding, or other action seeking reorganization, arrangement, adjustment, liquidation, dissolution, of Franchisee or Franchisee's debts under any Laws relating to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian, or other similar official for Franchisee or for all or any substantial part of Franchisee's property;

15.2.2 Franchisee takes any corporate or other action to authorize any of the actions set forth in Section 15.2.1;

15.2.3 Any case, proceeding, or other action against Franchisee is commenced seeking to have an order for relief entered against Franchisee as debtor, or seeking reorganization, arrangement, adjustment, liquidation, dissolution, of Franchisee or Franchisee's debts under any Laws relating to bankruptcy, insolvency, reorganization, or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Franchisee or for all or any substantial part of Franchisee's property, and such case, proceeding or other action: **(i)** results in the entry of any order for relief against Franchisee which is not fully stayed within seven (7) days after entry, or **(ii)** remains un-dismissed for a period of forty-five (45) days after entry;

15.2.4 An attachment remains on all or a substantial part of the Hotel or of Franchisee's assets for thirty (30) days or more or Franchisee loses possession or right of possession of the Hotel;

15.2.5 Franchisee ceases operating the Hotel under the Marks or as a Brand Hotel, or loses possession of, or the right to possess, all or a significant part of the Hotel for any reason except as otherwise authorized or permitted in this Agreement;

15.2.6 Franchisee or any of Franchisee's Equity Owners contest in any court or proceeding Franchisor's ownership of the System or any part of it, or the validity of any of the Marks;

15.2.7 Franchisee fails to continue to identify the Hotel to the public as a Brand Hotel, or engages in any action that violates Franchisor's proprietary rights under Section 9;

15.2.8 Franchisee uses any of the Marks or other Confidential Information before Franchisor authorizes Franchisee to do so or in any manner not expressly authorized or permitted by this Agreement or in any manner injurious or prejudicial to their goodwill; or

15.2.9 Franchisee breaches its obligations pursuant to Section 11 (Insurance), 12 (Privacy, Data Protection), 17 (Indemnification), 20.8 (Corrupt Practices) or 20.9 (Sanctioned Persons);

15.2.10 Franchisor learns that Franchisee or any of Franchisee's Equity Owners is or has been convicted of a felony (or any other offense if it is likely to adversely reflect upon or affect the Hotel, the System, Franchisor, or any of Franchisor's Affiliates in any way) that was not disclosed in Franchisee's application for the Agreement;

15.2.11 Franchisee maintains false books and records of account or submits false reports or information to Franchisor;

15.2.12 Franchisee refuses to allow, or refuses to cooperate with, Franchisor's examination of the Hotel or its books and records;

15.2.13 Franchisee fails to comply with the requirements of this Agreement, Other Agreements, or the Standards on safety, security, or privacy for its guests at the Hotel, or fails to uphold the reputation of the Hotel, and the failure may significantly adversely reflect upon or affect the Hotel, the System, Franchisor, or Franchisor's Affiliates;

15.2.14 Franchisor determines that a threat or danger to public health or safety results from the construction, renovation, maintenance, or operation of the Hotel, such that an immediate shutdown of the Hotel or construction site is necessary to avoid a risk of liability or loss of goodwill to the System;

15.2.15 Franchisee **(i)** fails on three (3) or more separate occasions within any period of twelve (12) consecutive months to comply with this Agreement, Other Agreements or the Standards, whether the failures relate to the same or different obligations, and whether or not Franchisor notifies Franchisee of the number of failures or Franchisee corrects the failures; **(ii)** fails on two (2) or more separate occasions within any period of six (6) consecutive months to comply with similar obligations under this Agreement, Other Agreements or the Standards, whether or not Franchisor notifies Franchisee of the number of such failures or Franchisee corrects the failures; or **(iii)** is a related party on an Other Agreement that is terminated for breach; or

15.2.16 Franchisee (or any of its Equity Owners) makes a transfer in violation of Section 14.

15.3 Suspension, Interim Remedies.

15.3.1 Upon Franchisee's breach of this Agreement or any Other Agreement, Franchisor may do any or all of the following until Franchisee cures the breach to Franchisor's satisfaction: **(i)** suspend the Hotel from the Reservation Service and divert existing and future reservations to other Brand Hotels or Network Hotels; **(ii)** remove the Hotel from Franchisor's advertising publications and programs, or remove the Hotel's page from the Franchisor website; **(iii)** suspend or disable all or any part of the software provided to Franchisee under Other Agreements, suspend any one or more of the information technology or network services that Franchisor provide or support under Other Agreements; **(iv)** suspend or terminate any temporary or other fee reductions, discounts or abatements; **(v)** cease providing any operational support. Franchisor may charge Franchisee and Franchisee must pay the fees, charges and costs related thereto; (**vi**) require Franchisee to engage a Management Company that Franchisor has approved in writing.

15.3.2 Franchisor's exercise of any rights in Section 15.3.1 will not constitute an actual or constructive termination of this Agreement, is in addition to Franchisor's other remedies for Franchisee's default under this Agreement, and will not waive any breach under this Agreement or any Other Agreement. If Franchisor exercises Franchisor's right not to terminate this Agreement but to implement any remedies in this Section 15.3, Franchisor may at any time after the appropriate cure period under the written notice has lapsed (if any) terminate this Agreement without giving Franchisee any additional cure period. During any suspension period, Franchisee will continue to comply with this Agreement and all Other Agreements. If Franchisor does not terminate this Agreement, Franchisee will pay any fees, costs and charges relating to reconnecting, reinstating, re-enabling and restoring the Hotel.

16. RIGHTS AND OBLIGATIONS ON EXPIRATION OR TERMINATION

16.1 De-Identification of Hotel. Upon termination or expiration of this Agreement, Franchisee shall immediately cease operating the Hotel as a Brand Hotel and cease using the System and the Marks, shall cease representing the Hotel as a Brand Hotel or affiliated with the Brand or the Network, shall pay all sums due and owing to Franchisor and its Affiliates, shall not use a confusingly similar mark or name, and shall take all other actions Franchisor requires in its sole discretion to ensure that no use is made of any part of the System and the Hotel is no longer identified as a Brand Hotel, including:

16.1.1 Ceasing to use and returning to Franchisor the Standards and all materials containing Confidential Information and bearing any of the Marks;

16.1.2 Removing all structures and items identifying the System, including all elements of the trade dress, color schemes, architecture and other distinctive features, devices, and/or items bearing the Marks or otherwise associated with the System;

16.1.3 Changing the Hotel's telephone listing;

16.1.4 Stopping and ensuring cessation of all use of the Marks and the Confidential Information wherever used, including electronic channels and systems;

16.1.5 Canceling all legal or business name registrations relating to Franchisor or the Marks, notify the telephone company and all listing agencies and directory publishers including Internet domain name granting authorities, Internet service providers, global distribution systems, and web search engines of the termination or expiration of Franchisee's right to use the Marks, the Brand, and any telephone number, any classified or other telephone directory listings, Internet domain names, uniform resource locators, website names, electronic mail addresses and search engine metatags and keywords associated

with the Hotel, and authorize their transfer to Franchisor, irrevocably assign and transfer to Franchisor (or to Franchisor's designee) all of Franchisee's right, title and interest in any domain name listings and registrations that contain any reference to our Marks, System, Network or Brand; notify the applicable domain name registrars of the termination of Franchisee's right to use any domain name or Sites associated with the Marks or the Brand; and authorize and instruct the cancellation of the domain name, or transfer of the domain name to Franchisor (or Franchisor's designee), as Franchisor specifies, delete all references to Franchisor's Marks, System, Network or Brand from any Sites that Franchisee owns, maintains or operates beyond the expiration or termination of this Agreement, and otherwise signing all documents and instruments necessary in connection with all filings related to the Marks; and

16.1.6 Permitting Franchisor's representatives to enter the Hotel on no less than two (2) business days' prior notice to conduct inspections on a periodic basis until de-identification is completed, and reimbursing Franchisor for any costs incurred performing any action that Franchisee does not timely perform.

16.2 Pay Amounts Owed. Unless otherwise provided in this Agreement, within ten (10) days after the termination or expiration of this Agreement, Franchisee must pay all amounts owed to Franchisor and Franchisor's Affiliates under this Agreement or any Other Agreement.

16.3 Liquidated Damages. Franchisee acknowledges that Franchisor will suffer damages as a result of the termination of this Agreement before the Term expires. Some of those damages include lost Royalty Fees and System Services Fees (collectively, "**Brand Damages**"). Both Parties acknowledge that Brand Damages are difficult to estimate accurately and proof of Brand Damages would be burdensome and costly, although such damages are real and meaningful. Therefore, subject to Sections 15.1 and 15.2, within ten (10) business days after termination of this Agreement before the Term expires for any reason Franchisee will pay Franchisor liquidated damages (a "**Termination Fee**") in a lump sum as calculated below. If any valid law or regulation governing this Agreement limits Franchisee's obligation to pay, or Franchisor's right to receive, the Termination Fee, then Franchisee will be liable for any and all Brand Damages Franchisor incurs. If Franchisor has agreed to any temporary fee reductions or abatements, all liquidated damages calculations based on Royalty Fees shall be calculated on the full and not the reduced or abated Royalty Fees.

16.3.1 If this Agreement is terminated after the Effective Date but prior to the Hotel's first (1st) Operating Year (including, if the Hotel was never in operation), the Termination Fee will be the number of rooms specified in Item 19 of Exhibit A multiplied by Three Thousand and 00/100 Dollars ($3,000.00).

16.3.2 If the Agreement is terminated after the first (1st) Operating Year but with more than five (5) Operating Years remaining in the Term, the Termination Fee will be equal to the Royalty Fees payable in regard to the Hotel during the twelve (12) full calendar months immediately preceding the date of termination multiplied by five (5).

16.3.3 If the Agreement is terminated with less than five (5) Operating Years remaining in the Term, the Termination Fee will be equal to the average daily Royalty Fee payable in regard to the Hotel during the twelve (12) full calendar months immediately preceding the date of termination multiplied by the number of calendar days left in the Term.

16.4 Ability to Seek Actual Damages and Attorneys' Fees.

16.4.1 If payment of the Termination Fee is not enforceable (whether partially or entirely), Franchisor may seek actual damages, with the appropriate measure being the total amount that would have been paid to Franchisor for the remainder of the Term discounted to present value.

16.4.2 In addition to the Termination Fee, Franchisor may recover attorneys' fees, court and other costs incurred in enforcing any provision of this Agreement, including in collecting any sums plus interest on all amounts due under Section 16.3, in addition to any equitable remedies available under Law.

16.4.3 Franchisee agree that the Termination Fee calculated under Section 16.3 represents the best estimate of Brand Damages arising from any termination of this Agreement before the Term expires. The Termination Fee is not a penalty but, a reasonable estimate of fair compensation for the Brand Damages Franchisor will incur because this Agreement did not continue for the Term's full length. Franchisee acknowledge that Franchisee's payment of the Termination Fee is compensation only for the Brand Damages and is in addition to Franchisee's obligation to comply strictly with Franchisee's post-termination obligations.

16.5 Survival. Covenants, obligations, and agreements that by their terms or by implication are to be performed after the termination or expiration of the Term shall survive termination or expiration of this Agreement.

17. INDEMNIFICATION

17.1 Indemnification by Franchisee. Independent of and in addition to Franchisee's obligation to procure and maintain insurance, Franchisee will indemnify, defend, protect and hold harmless to the fullest extent permitted by law Franchisor and each of Franchisor's Affiliates (and each of their past, present, or future directors, officers, servants, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives, past or present) (collectively, the "**Indemnitees**") against any demand, inquiry (formal or informal), investigation, action, suit, Claim or charge asserted, including in any judicial, arbitration, mediation, alternative dispute resolution, administrative, debtor or creditor proceeding, bankruptcy, insolvency, or similar proceeding, losses, costs (including legal or attorneys' fees, litigation costs, investigation fees and costs, and settlement payments), liabilities (including employment liabilities, bodily injury, death, property damage and loss, personal injury and mental injury), fines, penalties, interest, and damages of every kind and description, including allegations of negligence by such Persons (or anyone associated or affiliated with Franchisee or the Hotel, including owners, officers, directors, agents or contractors), whether or not a formal proceeding has been instituted, arising from or related to Franchisee, the Hotel, the Site, this Agreement or an Other Agreement, including without limitation: **(i)** any claimed occurrence at or related to the Hotel (including, the construction, renovation, upgrading, alteration, remodeling, repair, operation, ownership or Franchisee of the Hotel or the Site or of any other business conducted on, related to, or in connection with the Hotel or the Site); **(ii)** the unauthorized use of the Marks; **(iii)** violation of Law, **(iv)** any payment Franchisee makes or fails to make, **(v)** any breach or violation of Law, **(vi)** any act, error or omission (active or passive), or (**vii**) all costs and fees the Indemnitees incur with regard to actions, Claims, notices or proceedings involving Franchisee, Franchisee's Affiliates, (and each of their past, present, or future directors, officers, servants, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives, past or present), including without limitation participation in such actions, Claims, notices

or proceedings by responding to discovery requests, by making an appearance as a witness, or otherwise (collectively, an "**Indemnified Claim**"). Franchisee assumes full responsibility and liability for and agrees to release the Indemnitees from and against any Indemnified Claim, regardless of when in the future sustained and whether or not caused or contributed to by the negligence of Indemnitees. Franchisee agrees to give Franchisor written notice of any suit, judicial or administrative investigation, proceeding or any other event that could be the basis for an Indemnified Claim within three (3) days after Franchisee first becomes aware of it. Franchisee will indemnify, defend, protect and hold harmless the Indemnitees for any Indemnified Claim upon demand, and Franchisee's obligations are not conditioned upon and shall not be delayed by the pendency of any legal process or final resolution of any Indemnified Claim. At Franchisor's election in Franchisor's sole discretion, Franchisee will defend the Indemnitees against the Indemnified Claim and will reimburse Indemnitees upon demand. Franchisor may control the defense of any Indemnified Claim at Franchisee's cost (including the right to select counsel or defend or settle any Indemnified Claim). Franchisor may, at any time, offer, order, consent or agree to settlements or take any other remedial or corrective actions with respect to any Indemnified Claim. Franchisor reserves the right to approve any resolution or course of action in regard to an Indemnified Claim. None of the Indemnitees are required to seek recovery from third parties or otherwise mitigate their losses to claim indemnification. The failure by any Indemnitee to pursue recovery from third parties or mitigate loss will not reduce the amounts recoverable from Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor or any of the other Indemnitees from Franchisee. Franchisee agrees and understands that Franchisor and its Affiliates shall not, nor shall they have the obligation to, indemnify or hold Franchisee harmless from and against any action or Claim by any third party based upon Franchisor's or Franchisor's Affiliates' exercise of any of its rights in accordance with the terms of this Agreement.

17.2 Limitation of Liability. To the maximum extent permitted by law, Franchisee acknowledges and agrees that except as provided under an applicable guarantee of performance, or express statutory liability for such conduct, none of the Indemnitees will have any liability for **(i)** any obligations or liabilities relating to or arising from this Agreement, **(ii)** any Claim based on, in respect to, or by reason of, the relationship between Franchisee and Franchisor, or **(iii)** any Claim based on any of Franchisee's alleged unlawful act or omission. For avoidance of doubt, this provision constitutes an express waiver of any Claims based on the theory of vicarious liability.

17.3 Survival of Provisions. This Section 17 will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

18. RELATIONSHIP OF THE PARTIES

18.1 Independent Contractor. Franchisee is an independent contractor. Nothing in this Agreement, or in the conduct of the Parties hereunder, creates a fiduciary relationship or other special relationship or makes either Party a general or special agent, legal representative, joint venture, partner, or employee of the other for any purpose. Franchisee acknowledges and agrees that Franchisor and Franchisee are not, and do not intend to be, partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Although Franchisor retains the right to establish and modify the System that Franchisee must follow, Franchisee retains all sole and direct responsibility for the day-to-day management and operation of its business and for implementing and maintaining the Standards at the Hotel. To the extent the Standards or any other guidance, policies, or procedures from Franchisor might apply to Franchisee's employees, such Standards, guidance, policies, and procedures are provided for informational purposes only and are not mandatory, and Franchisee must determine to what extent, if any, they apply to its operation of the Hotel. Franchisee acknowledges and agrees that it is solely and directly responsible for labor and employment

matters for Franchisee's employees, including without limitation for dictating terms and conditions of employment, training, wages, benefits, promotions, hirings and terminations, vacations, safety, work schedules, and specific tasks. If Franchisee comprises two or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among such persons or entities) the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all such persons or entities. Franchisor has no relationship with Franchisee's employees, and Franchisee has no relationship with Franchisor's employees.

18.2 Notices to Public Concerning Independent Status. Franchisee will take any actions that Franchisor requires in its sole discretion to minimize the chance of a Claim being made against Franchisor or its Affiliates for any occurrence at the Hotel, or for any acts, omissions, or obligations of Franchisee or anyone affiliated with Franchisee or the Hotel. Franchisee will communicate with Hotel staff in employment agreements, manuals, handbooks, and other materials that the Manager, and not Franchisor or its Affiliates, is the employer of all Hotel staff. All contracts for the Hotel's operations and services at the Hotel will be in Franchisee's name or in the name of Franchisee's Management Company. Franchisee will not enter into or sign any contracts in Franchisor's name or any of Franchisor's Affiliates' names or use the Marks or any acronyms or variations of the Marks. Franchisee will disclose in all dealings with the public and Franchisee's employees, agents, contractors, suppliers and other third parties that: **(a)** Franchisee is the Hotel's owner; **(b)** Franchisee is an independent entity; **(c)** Franchisee is the employer, principal, or contracting party (as applicable); and **(d)** Franchisor and its Affiliates are not responsible for Franchisee's liabilities or debts in any manner whatsoever.

18.3 Business Judgment. The Parties recognize and agree, and any mediator or judge is affirmatively advised, that certain provisions of this Agreement describe Franchisor's rights to take (or refrain from taking) certain actions in the exercise of Franchisor's sole discretion. The fact that any particular Brand Hotel did or did not benefit from any action or decision, or that another reasonable alternative was available, does not mean that Franchisor failed to exercise properly its business judgment. Where such judgment has been exercised by Franchisor, neither a mediator, nor a judge, nor any trier of fact, shall substitute his, her or their judgment for the judgment so exercised by Franchisor.

19. GOVERNING LAW, INTERIM RELIEF, COSTS OF ENFORCEMENT, WAIVERS

19.1 Governing Law. This Agreement, and all issues arising from or relating to this Agreement, shall be interpreted and construed under the laws of North Carolina and under any applicable federal Laws, regardless of any conflict-of-laws principles. If any provision of this Agreement would be unenforceable under North Carolina law at the time a Claim is initiated, and the Hotel is located outside of North Carolina, then that provision shall be interpreted and construed under the laws of the state in which the Hotel is located. By this choice of law, the Parties do not intend to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

19.2 Arbitration. Except as otherwise specified in this Agreement and for Claims for indemnification under Section 17, any controversy or Claim arising out of or relating to this Agreement or any Other Agreements, or the breach of this Agreement or any Other Agreements, including any Claim that this Agreement or any part of this Agreement or any related agreements is invalid, illegal, or otherwise voidable or void, as well as any Claim that Franchisor violated any laws in connection with the execution or enforcement of this Agreement or any Other Agreements and any Claim for declaratory relief, will be sent to final and binding arbitration in the state of North Carolina before either the American Arbitration Association, J.A.M.S., or National Arbitration Forum in accordance with the Commercial Arbitration Rules of the American Arbitration Association, including its rules for emergency measures of protection, except

to the extent that the Commercial Rules of the American Arbitration Association may be interpreted to require Franchisee or Franchisor to produce documents, witnesses, or information at a time other than at a hearing on the Claim without our mutual consent.

19.2.1 The parties agree that the Federal Arbitration Act applies to the interpretation and enforcement of this Section 19 and the arbitrator and not any federal, state, or local court or agency, shall have exclusive authority to resolve any Disputes relating to the interpretation, applicability, enforceability, or formation of this agreement to arbitrate. The arbitrator shall also be responsible for determining all threshold arbitrability issues relating to whether the terms are unconscionable or illusory and any defense to arbitration, including waiver, delays, laches or estoppel. In the event more than one demand for arbitration is filed in connection with this Agreement or any related agreements, the demand filed with the American Arbitration Association, J.A.M.S., or National Arbitration Forum office having jurisdiction over North Carolina proceedings shall take precedence, and any other demand shall be withdrawn and presented in the North Carolina filing.

19.2.2 The arbitrator will apply the substantive laws of North Carolina without reference to its conflict of laws provision. In the event the arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then Franchisee agrees to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or claim which is the subject of any arbitration proceeding initiated under this Section 19.2**.** The decision of the arbitrator will be final and binding on the parties and will be enforceable in any courts having jurisdiction. The arbitrator will have no authority to amend or modify the terms of this Agreement. The arbitrator will have the right to award or include in its award any relief it deems proper, including money damages and interest on unpaid amounts, specific performance and legal fees and costs in accordance with this Agreement; however, the arbitrator may not award punitive, consequential or exemplary damages in violation of Section 19.4 or those related to misuse of Franchisor's Marks and/or intellectual property. The costs and expenses of arbitration will be allocated and paid by the parties as determined by the arbitrator.

19.2.3 Judgment on the arbitration award may be entered in any court having jurisdiction. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Any arbitration will be conducted at Franchisor's headquarters office in North Carolina and the parties agree that any state laws attempting to prohibit arbitration in North Carolina are pre-empted by the Federal Arbitration Act. Nothing in this Section 19.2 will be construed as requiring Franchisee or Franchisor to make a Claim in arbitration before exercising any rights Franchisee or Franchisor may have to give notice of default or termination in accordance with the terms of this Agreement or any related agreements.

19.3 Injunctive Relief. Notwithstanding anything to the contrary contained in this Section, Franchisee recognizes the uniqueness attached to the System and the Marks and that Franchisee's noncompliance with the terms of this Agreement, or Franchisee's unauthorized or improper Franchisor of the System or the Marks, will cause Franchisor irreparable damage. As such, in a proper case, Franchisor will be entitled to injunctive or other equitable relief, in any court of competent jurisdiction without being required to prove the inadequacy of money damages as a remedy, to post a bond or to waive any other rights or remedies at law or in equity. Franchisee acknowledges that a proper case to obtain temporary restraining orders and temporary or permanent injunctive relief from a court of competent jurisdiction shall include, but not be limited to, the following:

19.3.1 Any Dispute involving actual or threatened disclosure or misuse of the contents of the Standards Manual or any other Confidential Information or trade secrets of the Franchisor;

19.3.2 Any Dispute involving the ownership, validity, use of, or right to license the Marks;

19.3.3 Any action by Franchisor to enforce the covenants set forth in Section 9 and Section 11 of this Agreement; and

19.3.4 Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Hotel. The provisions of this Section are intended to benefit and bind certain third-party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

19.4 WAIVER OF PUNITIVE DAMAGES. FRANCHISEE HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR SIMILAR DAMAGES AGAINST FRANCHISOR AND ITS AFFILIATES AND WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES SUSTAINED TO WHICH FRANCHISEE MIGHT BE ENTITLED.

19.5 WAIVER OF JURY TRIAL. THE PARTIES HEREBY IRREVOCABLY WAIVE TRIAL BY JURY OF ANY ACTION OR PROCEEDING, AT LAW OR IN EQUITY, BROUGHT BY EITHER AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN THE ACTION OR PROCEEDING.

19.6 WAIVER OF CLASS ACTIONS. NEITHER FRANCHISOR NOR FRANCHISEE SHALL SEEK TO LITIGATE OR ARBITRATE 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 ARBITRATION OR OTHER 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 FRANCHISOR AND FRANCHISEE AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISOR OR FRANCHISEE UNLESS BOTH FRANCHISOR AND FRANCHISEE CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR OR ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

19.7 Jurisdiction. Franchisee expressly and irrevocably submits to the non-exclusive jurisdiction of the courts of the State of North Carolina for the purpose of any Disputes that are not required to be subject to arbitration under Section 19.2.

20. MISCELLANEOUS.

20.1 Entire Agreement. This Agreement, together with any agreements to be executed and delivered pursuant to this Agreement and appendices hereto (including the Other Agreements and the

Standards), constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior understandings and writings between the Parties. However, nothing in this Agreement is intended to disclaim any representations made to Franchisee in the Franchise Disclosure Document furnished by Franchisor to Franchisee. This Agreement may not be modified except by an instrument in writing executed and delivered by both Parties. This Agreement may be executed in any number of counterparts, each of which will be deemed an original and all of which constitute one and the same instrument. Delivery of an executed signature page by electronic transmission is as effective as delivery of an original signed counterpart. By entering into this Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Agreement may be executed by electronic signatures. The parties to this Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Agreement shall constitute an original for all purposes.

20.2 Severability. The language of all provisions of this Agreement shall be construed according to its fair meaning, but in no event shall it be presumed that such language is to be construed against the drafter. If any provision of this Agreement shall be determined to be void, illegal, or unenforceable under applicable Law, all other provisions of this Agreement will continue in full force and effect. However, if in Franchisor's judgment the invalidity or ineffectiveness of such provision or part substantially impairs the value of this Agreement to Franchisor, then Franchisor may at any time terminate this Agreement by written notice to Franchisee without penalty or compensation. Franchisee 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 may hold to be unreasonable and unenforceable in a final decision to which Franchisee is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

20.3 Interpretation. Headings of Sections are for convenience and are not to be used to interpret the Sections to which they refer. All Exhibits and Schedules to this Agreement are incorporated by reference. Words indicating the singular include the plural and vice versa as the context may require. References to days, months, and years are all calendar references unless otherwise specified. Franchisor and Franchisee intend that this Agreement excludes all implied terms to the maximum extent permitted by applicable Law. References that a Person "will" do something mean the Person has an obligation to do such thing. References that a Person "may" do something mean a Person has the right, but not the obligation, to do so. References that a Person "may not" or "will not" do something mean the Person is prohibited from doing so. Examples used in this Agreement and references to "includes" and "including" are illustrative and not exhaustive. Except as otherwise provided in this Agreement, any approval or consent required under this Agreement will not be effective unless it is in writing and signed by the duly authorized officer or agent of the party giving such approval or consent. Franchisor will not be liable for: **(i)** providing or withholding any approval or consent; **(ii)** providing any suggestion to Franchisee; **(iii)** any delay; or **(iv)** denial of any request. In no event may Franchisee make any Claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld, delayed and/or denied any consent or approval under this Agreement. Franchisee waives any such Claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense. This Agreement is binding on the Parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest. Nothing in this Agreement will be deemed to confer any rights or remedies on any person or legal entity not a Party hereto, other than successors and assigns for any Party to this Agreement whose interest are assigned in accordance with its terms and intended third party beneficiaries.

20.4 ***Force Majeure*****.** The obligations of Franchisor to perform any specific covenant under this Agreement within a specified time shall be extended for a period of time equivalent to the period of delay caused by *Force Majeure* (except to the extent otherwise specified herein). If at any time during the Term Franchisee cannot operate the Hotel in accordance with this Agreement due to *Force Majeure*, or if it becomes necessary, in Franchisor's opinion, to cease operation of the Hotel in order to protect the Hotel or the health, safety, and welfare of Hotel guests or Hotel employees due to the occurrence of a *Force Majeure* event, then, subject to Sections 13.1 and 13.2, Franchisee will upon Franchisor's requirement close and cease or partially cease operation of all or any part of the Hotel as necessary based on the occurrence of the *Force Majeure* event, reopening and recommencing operation of the Hotel when Franchisee certifies to Franchisor for Franchisor's approval that operations can be reopened and recommenced pursuant to the Laws and without jeopardy to the Hotel, Hotel guests, Hotel employees, or the goodwill of the Marks.

20.5 **No Third-Party Beneficiary.** Except for the Indemnitees, there are no third-party beneficiaries to this Agreement.

20.6 **Waiver.** All modifications, waivers, approvals and consents of or under this Agreement by Franchisor must be in writing and signed by Franchisor's authorized representative to be effective. Franchisor will not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the Parties at variance with said reserved right; any failure, refusal, or neglect by Franchisor to exercise any right under this Agreement, or to insist upon exact compliance by Franchisee with its obligations hereunder; any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, whether of the same, similar, or different nature, with respect to Franchisee; or the acceptance by Franchisor of any payments due from Franchisee after any breach of this Agreement. The failure or delay of Franchisor to insist on strict performance of any of the terms of this Agreement, or to exercise any right or remedy, will not be a waiver of future performance of that provision beyond the waiver and/or any other provision of this Agreement. If Franchisee fails to notify Franchisor in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one (1) year from the date Franchisee has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by Franchisor, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived.

20.7 **Notices.** Notices under this Agreement must be in writing and delivered personally or mailed by overnight or express delivery service or by certified mail to the other Party. Notices to Franchisor must be delivered to the address stated in Item 3 of Exhibit A. Notices to Franchisee may be delivered to the address stated in Item 5 of Exhibit A or by posting on the System or by similar technology and Franchisee consents to receipt of notice by such methods.

20.8 **Corrupt Practices.** Neither Franchisee, nor any person acting for or on behalf of Franchisee, may: **(i)** make any expenditure for any unlawful purposes in the performance of its obligations under this Agreement or in connection with its activities in relation thereto; or **(ii)** bribe or offer to bribe any government official, any political party or official thereof, or any candidate for political office, for the purpose of influencing any action or decision of such person in their official capacity or any Government Entity of any jurisdiction, or for any other reason, or any third party whomsoever. Franchisee, and any person acting on behalf of Franchisee, shall comply with all applicable Anti-Corruption Laws and anti-money laundering laws and regulations in connection with the performance of this Agreement (including without limitation in the construction, development, opening, and operation of the Hotel).

20.9 **Sanctioned Persons.** Franchisee represents and warrants to Franchisor that as of the Effective Date, and Franchisee covenants throughout the Term, that Franchisee, Franchisee's directors, officers, senior management, shareholders, and Controlling Equity Holders are not (and will not be), and

are not (and will not be) owned or controlled by, or acting on behalf of, any Sanctioned Persons. Franchisee will notify Franchisor in writing immediately upon the occurrence of any event which would render the foregoing representation, warranty and covenant incorrect. If any event occurs that would causer Franchisee to be in breach of the foregoing representation, warranty and covenant, Franchisor may terminate this Agreement immediately upon written notice to Franchisee.

20.10 Franchisee's Representations and Warranties. Franchisee represents, warrants, covenants, agrees and acknowledges to Franchisor as follows:

20.10.1 Hotel Lease. If the Hotel (or the Site) is subject to a lease, **(i)** Landlord is the sole Landlord of the Hotel (or the Site); **(ii)** the Hotel (or the Site) is leased to Franchisee under a lease between Franchisee and Landlord; and **(iii)** Franchisee has all rights and authority relating to the Hotel (or the Site) for the performance of Franchisee's obligations under this Agreement. If the lease provides for Landlord to perform any of Franchisee's obligations under this Agreement, Franchisee will cause Landlord to perform such obligations as required under the Agreement. The existence of the lease and its terms that require Landlord to perform Franchisee's obligations are not an assignment of such obligations to Landlord and do not relieve Franchisee of any obligation under this Agreement. The lease will not limit or restrict Franchisor's rights or remedies under this Agreement in any way.

20.10.2 NO RELIANCE. IN ENTERING THIS AGREEMENT, FRANCHISEE DID NOT RELY ON ANY PROMISES, REPRESENTATIONS, WARRANTIES, OR AGREEMENTS RELATING TO THE FRANCHISE, THE HOTEL, THE SITE, OR THE SYSTEM, THAT WERE NOT CONTAINED IN THIS AGREEMENT. FRANCHISEE HAS INDEPENDENTLY INVESTIGATED THE RISKS OF OPERATING THE HOTEL UNDER THE BRAND, INCLUDING CURRENT AND POTENTIAL MARKET CONDITIONS AND COMPETITIVE FACTORS AND RISKS, AND HAS MADE AN INDEPENDENT EVALUATION OF ALL SUCH MATTERS AND REVIEWED FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, IF APPLICABLE.

20.10.3 BUSINESS RISK. FRANCHISEE AGREES THAT: **(i)** THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL RISK AND IS A VENTURE WITH WHICH FRANCHISEE HAS RELEVANT EXPERIENCE; AND **(ii)** FRANCHISEE'S SUCCESS IS LARGELY DEPENDENT ON FRANCHISEE'S ABILITY AS AN INDEPENDENT BUSINESS OWNER. FRANCHISOR DISCLAIMS MAKING OF, AND FRANCHISEE AGREES IT HAS NOT RECEIVED, ANY INFORMATION, WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL REVENUES, PROFITS OR SUCCESS OF SUCH BUSINESS VENTURE. IF, PRIOR TO THE EFFECTIVE DATE, FRANCHISOR HAS FURNISHED ANY HISTORICAL PERFORMANCE DATA OR PROJECTIONS WITH RESPECT TO THE HOTEL IN CONNECTION WITH THE POSSIBILITY OF FRANCHISOR OR ITS AFFILIATES MANAGING THE HOTEL (AS OPPOSED TO GRANTING A FRANCHISE TO FRANCHISEE), FRANCHISEE ACKNOWLEDGES AND AGREES THAT SUCH DATA AND PROJECTIONS ARE NOT APPLICABLE TO A FRANCHISED BRAND HOTEL AND THAT IT HAS NOT RELIED THEREON IN ENTERING INTO THIS AGREEMENT. FRANCHISOR WILL NOT INCUR ANY LIABILITY FOR ANY ERROR, OMISSION, OR FAILURE CONCERNING ANY ADVICE, TRAINING, OR OTHER ASSISTANCE FOR THE HOTEL PROVIDED TO FRANCHISEE, INCLUDING FINANCING, DESIGN, CONSTRUCTION, RENOVATION, OR OPERATIONAL ADVICE.

20.10.4 DISCLOSURE. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS READ AND UNDERSTOOD THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT, AND THE OTHER AGREEMENTS, AND THAT FRANCHISEE HAS HAD

SUFFICIENT TIME AND OPPORTUNITY TO CONSULT WITH FRANCHISEE'S ADVISORS ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT. FRANCHISEE HAS HAD AN OPPORTUNITY TO NEGOTIATE THIS AGREEMENT.

20.10.5 HOLDING PERIODS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE RECEIVED A COPY OF THIS AGREEMENT, ITS ATTACHMENTS (INCLUDING ANY ADDITIONS OR DELETIONS UNILATERALLY MADE BY FRANCHISOR) AND OTHER AGREEMENTS, IF ANY, AT LEAST SEVEN (7) DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED. FRANCHISEE FURTHER ACKNOWLEDGES THAT FRANCHISEE RECEIVED THE FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) DAYS BEFORE THE DATE ON WHICH FRANCHISEE EXECUTED THIS AGREEMENT OR MADE ANY PAYMENT TO FRANCHISOR OR ANY AFFILIATE IN CONNECTION WITH THE PURCHASE OF THE FRANCHISE.

20.10.6 DISCLOSURE EXEMPTION. NOTWITHSTANDING FRANCHISEE'S ACKNOWLEDGMENT IN SECTION 20.10.5, FRANCHISEE REPRESENTS AND ACKNOWLEDGES THAT: **(i)** THIS FRANCHISE SALE IS FOR MORE THAN ONE MILLION TWO HUNDRED THIRTY-THREE THOUSAND U.S. DOLLARS ($1,233,000) (EXCLUDING THE COST OF UNIMPROVED LAND AND ANY FINANCING RECEIVED FROM FRANCHISOR OR ITS AFFILIATES); AND **(ii)** FRANCHISEE AND ITS AFFILIATES HAVE BEEN IN BUSINESS FOR AT LEAST FIVE (5) YEARS AND HAVE A NET WORTH OF AT LEAST SIX MILLION ONE HUNDRED SIXTY-FIVE THOUSAND FIVE HUNDRED U.S. DOLLARS ($6,165,500). THUS, THIS FRANCHISE SALE IS EXEMPTED FROM THE FEDERAL TRADE COMMISSION'S FRANCHISE RULE DISCLOSURE REQUIREMENTS PURSUANT TO 16 CFR 436.8(a)(5)(i) and 16 CFR 436.8(a)(5)(ii).

20.10.7 Additional. Franchisee and the persons signing this Agreement for Franchisee have full power and authority and have been duly authorized, to enter into and perform or cause performance of Franchisee's obligations under this Agreement. Franchisee has obtained all necessary approvals of Franchisee's owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Hotel exists other than this Agreement. Franchisee's execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which Franchisee or any of Franchisee's Equity Owners is a party or is subject or to which the Hotel is subject. Neither Franchisee nor the Hotel is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date Franchisee executes this Agreement and was not within the three years preceding such date. Neither general economic downturn or conditions nor Franchisee's own financial inability to perform the terms of this Agreement will be a defense to an action by Franchisor or Franchisor's Affiliates for Franchisee's breach of this Agreement. All written information Franchisee has submitted or will submit to Franchisor about the Hotel, Franchisee, Franchisee's owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between Franchisor and Franchisee except as expressly stated in this Agreement. With the exception of Claims related to representations contained in the franchise disclosure document for the Brand, Franchisee, on Franchisee's own behalf and on behalf of, as applicable, Franchisee's officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge Franchisor and Franchisor's Affiliates and Franchisor's and Affiliates' respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, Claims, causes of

action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between Franchisor and Franchisee before the Effective Date of this Agreement. This release will survive the termination of this Agreement.

20.11 Exercise of Rights. Except as otherwise expressly provided herein, the rights of the Parties hereto are cumulative, and no exercise or enforcement by either Party of any right or remedy hereunder will preclude the exercise or enforcement of any other right or remedy which such Party is entitled to enforce by law. Franchisor may litigate to collect amounts due under this Agreement without first issuing a default or termination notice. Once a termination or expiration date for this Agreement has been established in accordance with the provisions of this Agreement, Franchisor may cease accepting reservations through the Reservation Service for any person(s) seeking to make a reservation for a stay on any date including or following the termination or expiration of this Agreement. Franchisor may notify third parties, including those who have made reservations at the Hotel, that the Hotel is no longer associated with the System. Franchisor may also, without prior notice enter the Hotel and any other parcels, remove software (including archive and back-up copies) for accessing the Reservation Service, all copies of the Standards, the Standards Manual, Confidential Information, equipment and all other personal property of Franchisor.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:	**FRANCHISEE**:
ESH STRATEGIES FRANCHISE LLC	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A

KEY TERMS

1. Effective Date (Preamble):	[DATE, MONTH, YEAR]
2. Franchisor:	ESH Strategies Franchise LLC
3. Franchisor Address for Notices:	ESH Strategies Franchise LLC 13024 Ballantyne Corporate Place, Suite 1000 Charlotte, NC 28277 Attn: General Counsel
4. Franchisee:	
5. Franchisee's Address for Notices:	_____ _____ _____ _____ Attn:
6. Site:	[Insert Address]
7. Term (Section 2):	The Term of this Agreement shall commence on the Effective Date and expire on the Twentieth (20^{th}) anniversary of the Opening Date of the Hotel.
8. Initial Franchise Fee (Section 3.1):	$50,000.00 [$_____ collected at Application, $_____collected upon execution of this Agreement] OR [$_____ credited from Development Fee previously collected]
9. Royalty Fee(s) (Section 3.2):	Five percent (5%) of Gross Room Revenue.
10. System Services Fee(s) (Section 3.3):	Five percent (5%) of Gross Room Revenue.
11. Construction Commencement Date (Section 4.3.1):	[DATE, MONTH, YEAR]
12. Renovation Commencement Date (Section 4.3.1):	[DATE, MONTH, YEAR]
13. Construction Completion Date (Section 4.3.1):	[DATE, MONTH, YEAR]
14. Renovation Completion Date (Section 4.3.2):	[DATE, MONTH, YEAR]
15. Opening Deadline (Section 4.4):	[DATE, MONTH, YEAR]

16. Management Company (Section 5.1):	
17. Landlord (Section 5.10):	
18. Brand	EXTENDED STAY AMERICA PREMIER SUITES®
19. Initial Number of Approved Guest Rooms:	
20. Lease Provisions:	
21. Additional Provisions:	

EXHIBIT B

DEFINITIONS

The following capitalized terms will have the meanings set forth after each term:

"**Affiliate**" means any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject entity.

"**Agreement**" means this Franchise Agreement, including any Exhibits, attachments and addenda.

"**Anti-Corruption Laws**" means the **(i)** the United Nations Convention Against Corruption; **(ii)** the U.S. Foreign Corrupt Practice Act, available in many languages at http://www.jFranchisortice.gov/criminal/fraud/fcpa/statutes/regulations.html, 15 U.S.C. § 78m, 78dd-l, 78dd-2, and 78dd-3; **(iii)** the Organization For Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (and related implementing legislation); **(iv)** the relevant common law or legislation from time to time in force in England and Wales, including the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Act 1906 as supplemented by the Prevention of Corruption Act 1916 and the Anti-Terrorism, Crime and Security Act 2001, the Criminal Law Act 1977, and The Bribery Act 2010; and **(v)** any anti-bribery, anti-corruption, anti-money laundering, books and records and internal controls provisions in the criminal, anti-competition, anti-bribery and/or anti-corruption laws of the jurisdiction in which Franchisee operate; together with any amending, consolidating or successor legislation or case law which has effect from time to time in the relevant jurisdiction.

"**Brand**" means the brand name set forth in Item 18 of Exhibit A but specifically excluding other brands or names of Franchisor or any affiliate whether or not using the mark Extended Stay America alone or with another designation (such as "Suites") or otherwise.

"**Brand Damages**" has the meaning set forth in Section 16.3.

"**Brand Hotel**" means hotels operating under the System using the Brand.

"Change of Control" means the sale of all or substantially all of the assets of a Party, any merger, consolidation or acquisition of a Party with, by, or into another corporation, entity or person, or any change in the ownership of more than fifty percent (50%) of the voting capital stock or ownership units of a Party in one or more related transactions.

"Claim" means any demand, inquiry, investigation, action, claim or charge asserted, including in any judicial, arbitration, administrative, debtor or creditor proceeding, bankruptcy, insolvency, or similar proceeding.

"**Comfort Letter Party**" has the meaning set forth in Section 4.5.

"**Competitor**" means any Person (including Franchisee, Franchisee's Affiliates, and Franchisee's Equity Owners) that: **(i)** has Control over a lodging franchisor or branded hotel management company; **(ii)** has an Affiliate of such a Person described in (i); or **(iii)** is an officer or director of such Persons identified in (i) or (ii) or of a lodging franchisor or branded hotel management company.

"Confidential Information" means **(i)** the Standards, System, Network and Website, **(ii)** documents, proprietary information, or trade secrets approved for the System or used in site selection, design, construction, renovation or operation of the Hotel, (in) any marketing, reservations, quality assurance, guest loyalty and satisfaction, training, technology or other systems, services or programs developed for the System; **(iii)** knowledge of specifications for and suppliers of Supplies and other products and supplies that are identified with Brand Hotels and/or other Network Hotels; **(iv)** Data, Guest Data and other information contained in, relating to, or arising from use of the Reservation Service; **(v)** any other knowledge, trade secrets, business information or know-how or other proprietary information obtained or generated **(a)** through Franchisee's use of the System or the operation of the Hotel that Franchisor deem confidential or **(b)** under any Other Agreements.

"**Control**" (and any form thereof, such as "**controlling**" or "**controlled**") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

"**Data**" means all information used or generated in the operation of the Hotel, including Operating Revenue, Gross Room Revenue, Guestroom occupancy rates, reservation data and other information, including information required by Franchisor in Franchisor's sole discretion in connection with Franchisor's marketing, reservations, guest loyalty and satisfaction and other programs, systems, processes, functions, purposes or requirements.

"**Data Protection Laws**" means all laws related to data security, breach notification, and data privacy and contractual obligations in the United States, and any requirements of the payment card processing industry including, without limitation, Payment Card Industry Data Security Standards.

"days" any reference to days in the Agreement shall mean calendar days.

"**Dispute**" means any disagreement, controversy, or Claim relating to or arising out of the Franchise Agreement and/or any Other Agreement(s), the relationship created by the Franchise Agreement and/or the Other Agreement(s), or the validity or enforceability of the Franchise Agreement and/or any Other Agreement(s).

"**Effective Date**" has the meaning defined in the preamble to this Agreement and set forth in Item 1 of Exhibit A.

"**Equity Interest**" means all forms of ownership, membership, stock or partnership interests in legal entities or property, both legal and beneficial, voting and non-voting, including stock interests, partnership interests, limited liability company interests, joint tenancy interests, leasehold interests, proprietorship interests, trust beneficiary interests, proxy interests, power-of-attorney interests, and all options, warrants, and any other forms of interest evidencing direct or indirect ownership or Control.

"**Equity Owner**" means each Person that has a legal or beneficial Equity Interest in Franchisee (or another entity, if so indicated). Franchisee's Equity Owners as of the Effective Date are set forth on **Exhibit C**.

"FF&E" means furniture, fixtures, and equipment.

"***Force Majeure***" means performance being rendered impossible or impracticable by virtue of any Act of God, acts of government, strikes or lockouts (other than those limited exclusively to the Hotel), acts of a

public enemy, acts of terrorism, blockades, wars, insurrections or riots, epidemics, landslides, fires, storms, floods, explosions, or other similar causes that are unforeseeable and beyond control.

"**Franchise Disclosure Document**" means that certain document that Franchisor provides to prospective franchisees of Brand Hotels as required by the trade regulation rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising".

"Franchisee" has the meaning defined in the preamble to this Agreement and set forth in Item 4 of Exhibit A.

"**Franchisor**" has the meaning defined in the preamble to this Agreement and set forth in Item 2 of Exhibit A.

"**Government or Government Entity**" means: **(i)** any agency, instrumentality, subdivision or other body of any national, regional, local or other government; **(ii)** any commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; **(iii)** any political party; and **(iv)** any public international organization.

"Gross Room Revenue" when used in the Agreement shall mean revenues attributable to or payable for the use or occupancy of the Guestrooms at the Site, including barter and credit transactions (before commissions and discounts for payment cards), whether or not collected, revenue derived from the redemption of points or rewards under loyalty programs, amounts attributable to meals where the room rate includes meals, mandatory guest fees, group booking rebates or commissions, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue and other cancellation fees which are collected, and any miscellaneous fees charged to all guests regardless of the accounting treatment of such fees, but excluding sales taxes, room taxes or other taxes collected by Franchisee from customers for transmittal to appropriate taxing authorities. Gross Room Revenue shall also exclude revenue derived from vending, laundry exchange, and laundry machines. Subject to the foregoing, Gross Room Revenue shall be accounted for in accordance with the Uniform System of Accounts for The Lodging Industry, Eleventh Revised Edition, 2014 (the "**2014 11th Edition**"), as published by the Hotel Association of New York City, Inc., except as otherwise provided in the accounting procedures set forth in the Standards; subject, however, to the right of Franchisor to designate any subsequent edition or to designate an alternative accounting system.

"**Groundbreaking**" means the date that footings are poured (or the equivalent thereof) at the Site.

"**Guest Data**" means information collected from and about current and prospective Hotel guests and customers, including: **(i)** their personally identifiable information (including without limitation name, birth date, mailing addresses, phone numbers, and email addresses); **(ii)** information about their consumer preferences; **(iii)** stay and aggregated information; and **(iv)** other similar or related information.

"**Guest Rooms**" means each rentable unit the Hotel generally uses for overnight guest accommodations, the entrance to which is controlled by the same key, provided that adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guest Rooms. The initial number of approved Guest Rooms is set forth in Item 19 of Exhibit A.

"**Hotel**" means the hotel located at the Site that Franchisee will operate pursuant to this Agreement. The Hotel includes all structures, facilities, furniture, fixtures, equipment, appurtenances, guest rooms, meeting facilities, Supplies, entrances, exits, and parking areas located on the Site or any other real property that Franchisor approves for hotel expansion, signage, or other facilities.

"Hotel Work" means construction work and/or renovation work as the case may be, and the context requires, but excludes ordinary repairs to the Hotel.

"**Improvements**" means any modifications, improvements, or additions to the Hotel or the System as the case may be, and the context requires, including, without limitation, any modifications to architectural drawings or architectural works licensed to Franchisee as part of the System.

"**Indemnified Claim**" has the meaning set forth in Section 17.

"**Indemnitees**" has the meaning set forth in Section 17.

"**Interim Remedies**" has the meaning used in Section 15.3.

"**Law(s)**" means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, consents, directions and requirements of all Governments and Government Entities having jurisdiction over the Hotel, Site or over Franchisee to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including Title III of the Americans with Disabilities Act, 42 U.S.C. § 12181, *et seq*., and 28 C.F.R. Part 36.

"**Lender**" means each financial institution or other party (including Franchisee's Affiliates), if any, that provided or provides any financing for Franchisee's acquisition, development, and/or operation of the Hotel, including any mortgagee or trustee under any deed of trust and any mezzanine lender or other party that takes a pledge of Franchisee's or any Controlling Equity Owner's Equity Interests as security for the repayment of any such financing.

"**Management Company**" means a third party hotel management company that manages the Hotel as approved by Franchisor in its sole discretion.

"**Manager**" means the person or entity (either Franchisee or a Management Company) that manages the Hotel as approved by Franchisor in its sole discretion.

"**Marketing Materials**" means all advertising, marketing, promotional, sales and public relations concepts, press releases, materials, concepts, plans, programs, brochures, or other information to be released or made accessible to the public, whether in paper, digital or electronic, or in any other form of media.

"**Marks**" means the Brand and all other business names, copyrights, designs, distinguishing characteristics, domain names, emblems, insignia, logos, slogans, devices, service marks, service marks, symbols, trademarks, trade dress, trade names, and indicia of origin (whether registered or unregistered by Franchisor or Franchisor Affiliates) used in the System, all as Franchisor or Franchisor's Affiliates may change, delete, add to or otherwise modify in Franchisor's sole discretion, and any combinations of the foregoing.

"**Network**" means the hotels, inns, conference centers, timeshare properties, and other operations that Franchisor and Franchisor's Affiliates own, license, lease, operate, or manage, whether under the Brand or other brands, now or in the future.

"**Network Hotel**" means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

"**Offering Materials**" has the meaning set forth in Section 14.5.2.

"**Opening Date**" means the date upon which Franchisor in its sole discretion authorizes Franchisee to open the Hotel for business as a Brand Hotel.

"**Opening Deadline**" means the date upon which the Parties agree that Franchisee will open Hotel for business as a Brand Hotel, under the Brand and under the Marks, and as specified in Item 15 of Exhibit A.

"**Operating Revenue**" has the meaning defined in the Uniform System and includes all revenues derived from the operation of the Hotel, including guest room rental charges, laundry revenue, parking revenue, vending revenues, guest internet access charges, telephone charges, in-room or other entertainment revenues, and all other items provided or made available to a guest in connection with a Hotel stay. Operating Revenue excludes sales tax, value added tax, or similar taxes on such revenues and receipts.

"Operating Year" means each of the consecutive twelve (12) calendar month periods, the first of which starts on the first (1st) day of the calendar month during which the Opening Date occurs, and the last of which ends on the expiration or termination of the Term.

"**Other Agreement**" means, collectively, this Agreement (including any Exhibits and Addenda), the Hotel Technology Agreement, any other agreements executed in connection with this Agreement (including any Development Agreement, if applicable), and any other agreement related to the Hotel or the Site to which Franchisee or any of Franchisee's respective Affiliates is a party and to which Franchisor (or Franchisor's Affiliate) is also a party or beneficiary, as any may be amended, modified, supplemented, or restated.

"**Other Business(es)**" means any business activity Franchisor or Franchisor Affiliates engage in (including, without limitation, developing, promoting, constructing, owning, leasing, acquiring, managing, or operating Network Hotels (including, other Network Hotels operating under the Brand), other than the licensing of the Hotel.

"**Other Hotels**" means any hotel, inn, lodging facility, conference center or other similar business, other than a Brand Hotel or a Network Hotel.

"**Party**" or "**Parties**" means Franchisee or Franchisor when referred to individually, and collectively when referred to in plural.

"**Person(s)**" means a natural person or entity.

"**Plans and Designs**" means the plans, layouts, specifications, and drawings for the Hotel, and for the proposed Supplies, signs and décor, all of which must use, incorporate, and comply with, Law and the Standards.

"**Representative**" has the meaning set forth in Section 14.4.

"**Reservation Service**" means the voice, internet, and other systems and related services that Franchisor uses to book reservations for Brand Hotel on a centralized basis, regardless of whether the Reservation Service also books reservations for Network Hotels or Other Hotels. Franchisee shall purchase, install and maintain at the Hotel all equipment necessary for participation in the Reservation Service, as specified in the Standards or otherwise in writing by the Franchisor.

"Room Addition Fee" means a sum equal to the then current room addition fee that Franchisor designates multiplied by the number of additional guest rooms Franchisee wishes to add and which Franchisor approves in its sole discretion.

"**Sanctioned Person**" means: **(a)** the government of any country that is subject to an embargo imposed by the United States government or United Kingdom government; **(b)** in the event of entities, Persons located in, or organized under, the laws of any country that is subject to an embargo imposed by the United States government or United Kingdom government; **(c)** in the event of individuals, Persons that ordinarily reside in any country that is subject to an embargo imposed by the United States government or United Kingdom government; or **(d)** Persons identified from time to time by any government or legal authority under applicable laws as a Person with whom dealings and transactions by Franchisor and/or its Affiliates are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers), Persons designated on the United Kingdom government's asset freeze lists and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, European Union, regional or national trade or financial sanctions.

"**Securities**" means any public offering, private placement or other sale of securities in Franchisee, the Hotel or the Site.

"**Site**" means the real property on which the Hotel is located or to be located, as approved by Franchisor in its sole discretion.

"**Standards**" means Franchisor's Brand standards, systems, guides, programs, policies, other requirements (including those relating to insurance), directives, specifications, design criteria, and such other information, initiatives and controls that are required by Franchisor in its sole discretion for planning, designing, constructing, renovating, refurbishing, and operating Brand Hotels.

"Standards Manual" means any Franchisor compilations of the Standards. The Standards Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins, policy or procedure statements, notices, videos, CD-ROMs and/or other electronic media or electronic access, on-line postings; emails and/or electronic communications, facsimiles, or any other medium, each effective upon Franchisor making them available to the System.

"**Supplies**" means all furnishings, fixtures, equipment, signage, linens, operating supplies, computer and telecommunications equipment, software, flooring, wall covering, lighting, food and beverages, and other items or services used in the construction, maintenance, operation and advertising of the hotel.

"**System**" means the elements, including know-how, that Franchisor designates to distinguish hotels operating under the Brand that provide to the consuming public a similar, distinctive, hotel service, as Franchisor may modify, amend or supplement from time to time in its sole discretion. The System currently includes: the Marks, Confidential Information and the Standards; access to the Reservation Service; advertising, publicity and other marketing programs and materials; training programs and materials; and programs for Franchisor inspection of the Hotel and consulting with Franchisee. Franchisor operates multiple franchise systems under various trademarks. For the avoidance of any doubt, for purposes of this Agreement, "System" only refers to the franchise system for the Brand being licensed hereunder to the Franchisee.

"**Taxes**" means all federal, state and local taxes (including any sales, gross receipts, value-added, goods and services, payroll, unemployment, beverage, permit, license, property, ad valorem and other taxes), levies, charges, impositions, stamp or other duties, fees, deductions, withholdings, interest or other payments levied or assessed by any competent Government Entity.

"**Term**" has the meaning set forth in Section 2.

"**Termination Fee**" has the meaning set forth in Section 16.3.

"**Transfer**" means the voluntary or involuntary, direct or indirect, sale, conveyance, exchange, assignment, transfer, pledge, grant of a security interest in, or other disposition of this Agreement by law or otherwise, any right or obligation under this Agreement, or any form of ownership interest in Franchisee or the assets, revenues or income of Franchisee's Hotel, including: **(1)** any issuance or redemption of a legal or beneficial ownership interest in the capital stock or ownership units of Franchisee; **(2)** any merger or consolidation of Franchisee, whether or not Franchisee is the surviving legal entity; **(3)** any transfer as a result of a divorce, insolvency or dissolution proceeding or otherwise by operation of law; **(4)** any transfer on the death of Franchisee or any Owner of Franchisee by will, declaration of trust or under the laws of intestate succession; or **(5)** any foreclosure of Franchisee's Hotel or any Franchisee transfer, surrender or loss of possession, control or management of Franchisee's Hotel. A marketing list, customer list or potential customer list may be transferred only with Franchisor's prior written approval in Franchisor's sole discretion to a transferee to whom Franchisee's rights and obligations under this Agreement are simultaneously being transferred in accordance with the terms hereof.

"**Travel Costs**" means out-of-pocket expenses for travel, food, lodging, and incidentals incurred by Franchisor or Franchisee or their respective employees or agents while engaged in various activities requiring travel, including without limitation pre-opening assistance; training; consultation; and inspection, compliance, and quality assurance.

"**Travel Services Channel**" means a website, mobile application, widget or other electronic, voice, virtual or other channel operated by a third party (that is not Franchisee's Affiliate) that promotes, markets, facilitates, searches or advertises travel-related products and services for a number of hotel brands, including other Network Hotels.

"**Uniform System**" means the Uniform System of Accounts for the Lodging Industry, Eleventh Revised Edition, 2014, as published by the American Hotel & Lodging Educational Institute, or any subsequent edition, revision or replacement that Franchisor designate.

"**Website**" means a website that Franchisor or Franchisor's Affiliate develops, maintains, or authorizes for the Hotel and all or certain other Brand Hotels that Franchisor periodically specifies (and, in Franchisor's sole discretion, other Network Hotels).

EXHIBIT C

EQUITY INTERESTS IN FRANCHISEE

Name of Equity Owner	Address	% Equity Interest in Franchisee
	_____ _____ _____ _____ Attn: Fax: _____ Email: _____	**[_____] %**
	_____ _____ _____ _____ Attn: Fax: _____ Email: _____	**[_____] %**
	_____ _____ _____ _____ Attn: Fax: _____ Email: _____	**[_____] %**
	_____ _____ _____ _____ Attn: Fax: _____ Email: _____	**[_____] %**

EXHIBIT D

CONVERSION OR RELICENSING PLAN

[Intentionally Left Blank]

EXHIBIT E

TERRITORY

[Intentionally Left Blank]

EXHIBIT F

RIGHT OF FIRST OFFER FOR STRATEGIC MARKETS

By signing this Exhibit F, Franchisor and Franchisee acknowledge that Franchisor's right of first offer reflected in this Exhibit F applies to this Agreement. If Franchisor and Franchisee do not sign this Exhibit F, then it does not apply to this Agreement. Franchisor has the unrestricted right to assign its right of first offer to an Affiliate or other third party, who then will have Franchisor's rights and obligations described in this Exhibit F.

If Franchisee (or any of Franchisee's Equity Owners) at any time during the Term determine to sell or transfer for consideration this Agreement, the Hotel or all or substantially all of its assets, or a Controlling Equity Interest in Franchisee or its Controlling Equity Owner (except to or among Franchisee's Equity Owners as of the Effective Date, which is not subject to this Exhibit F), then Franchisee must first give Franchisor the opportunity to acquire those rights (the "**Offered Rights**") by delivering written notice to Franchisor. Franchisee's notice must contain a summary of the material terms and conditions of the proposed sale or transfer, including (without limitation) the proposed consideration and the terms of any financing Franchisee or its Affiliate will provide for the proposed purchase price (the "**Offer Terms**"). The Offer Terms must relate exclusively to the Offered Rights and not to any other assets or rights.

Franchisor will then have thirty (30) days after receiving the Offer Terms to notify Franchisee whether Franchisor elects to acquire the Offered Rights on the Offer Terms, provided that (1) Franchisor may substitute cash, a cash equivalent, or marketable securities for any form of payment proposed in the Offer Terms (such as ownership interests in an entity) and may elect to pay the net present value of any payments to be made over time; (2) Franchisor must be afforded the opportunity to conduct customary due diligence on the Offered Rights; and (3) Franchisor must receive, and Franchisee and Franchisee's Equity Owners agree to make, all customary representations, warranties, and indemnities in Franchisor's purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; liabilities affecting the assets, contingent or otherwise; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Hotel or Franchisee's business before the closing.

If Franchisor exercises the right of first offer, the closing will take place at a location and on a date that Franchisor chooses, within ninety (90) days after Franchisor delivers its notice of exercise to Franchisee or such longer period as may be contemplated by the Offer Terms. Franchisor and Franchisee will sign documents, including deeds, affidavits, transfers and assignments, and any other documents necessary or appropriate for the sale or transfer of the Offered Rights. Franchisee must satisfy all liens, mortgages, and/or encumbrances on the Hotel. Franchisor and Franchisee will share equally any closing costs.

If Franchisor notifies Franchisee in writing that Franchisor does not intend to exercise its right of first offer with respect to any Offer Terms, or fails to notify Franchisee of Franchisor's decision within the thirty (30)-day period described above, then Franchisee thereafter may offer the Offered Rights to any third party on terms no more favorable to that party than the Offer Terms. However, Franchisee or Franchisee's Equity Owners may sell or transfer the Offered Rights only if Franchisor otherwise approves the transfer in accordance with, and Franchisee (and Franchisee's Equity Owners) and the transferee comply with the conditions in, Section 14.3 of this Agreement. This means that, even if Franchisor does not exercise Franchisor's right of first offer, if the proposed transfer otherwise would not

be allowed under Section 14.3, Franchisee (or Franchisee's Equity Owners) may not move forward with the transfer at all.

Later, Franchisee may determine to offer the Offered Rights on terms which are more favorable to the buyer than the Offer Terms, or Franchisee may determine to change the Offered Rights, then Franchisee must first offer those new terms to Franchisor according to the procedures described above. In addition, if Franchisee does not sell or transfer the Offered Rights in compliance with this Exhibit F and the conditions in Section 14.3 within twelve (12) months after Franchisor first receives notice of the Offered Rights, then the rights under this Exhibit F shall once again apply with respect to those Offer Terms, and Franchisee may not sell or transfer for consideration the Offered Rights without first giving Franchisor the opportunity to acquire those rights according to this Exhibit F.

By signing below, Franchisor and Franchisee acknowledge and agree that the terms of this Exhibit F will apply to this Agreement.

FRANCHISOR:	**FRANCHISEE**:
ESH STRATEGIES FRANCHISE LLC	[NAME OF FRANCHISEE]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

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EXHIBIT B

DEVELOPMENT AGREEMENT

DEVELOPMENT AGREEMENT

3/2023

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EXHIBITS

EXHIBIT A - Development Territory and Development Schedule

EXHIBIT B - Definitions

DEVELOPMENT AGREEMENT

This Development Agreement (the "**Agreement**") is entered into between [Franchisee name] ("**Franchisee**") and ESH Strategies Franchise LLC ("**Franchisor**") as of [Month, Day], 20___ (the "**Effective Date**").

RECITALS

A. Capitalized terms not defined in this Agreement are used as defined in the Franchise Agreement as that term is defined hereinbelow.

B. Franchisor and Franchisor's Affiliates own and operate the System.

C. Franchisee wishes to develop Brand Hotels through a combination of new construction, conversion of existing hotel properties, or both, with each new Brand Hotel subject to a Franchise Agreement.

D. Franchisor is willing to execute Franchise Agreement(s) granting Franchisee exclusive territory (the "**Development Territory**") (the phrase "Development Territory" as used herein shall mean territories if more than one Development Territory is set forth in **Exhibit A**) in which to develop Brand Hotels if Franchisee meets certain predefined development thresholds and otherwise complies with all of the terms of this Agreement, including execution of Franchise Agreement(s).

E. Capitalized terms not defined in this Agreement are used as defined in the attached **Exhibit B,** incorporated herein by reference.

NOW, THEREFORE, in consideration of the foregoing, the promises, representations, warranties, covenants and agreements contained in this Agreement and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Franchisee and Franchisor agree as follows:

1. GRANT

1.1 **Grant.** Subject to the terms of this Agreement, Franchisor hereby grants Franchisee the limited non-exclusive right to develop Brand Hotels in the Development Territory described in **Exhibit A**. Each Brand Hotel developed under this Agreement shall be established and operated pursuant to a separate Franchise Agreement (each, a "**Franchise Agreement"**) as provided in Section 5.2.

1.2 **Exclusivity.** Except as provided in Sections 1.3 and 1.4, so long as Franchisee is in compliance with all of its obligations under this Agreement, including the obligation to meet the development requirements set forth in **Exhibit A** (the "**Development Schedule**"), neither Franchisor nor any of Franchisor's Affiliates will operate, franchise, or otherwise authorize any person or business entity to operate, a Brand Hotel that is physically located in the Development Territory until the first to occur of the events set forth in Section 3 of this Agreement.

1.3 **Exceptions.** The territorial protection set forth in Section 1.2 does not apply to any Brand Hotels operating in the Development Territory as of the Effective Date, which Franchisor may renew, relicense, allow to expand, or replace, in its sole discretion. Additionally, Franchisor and/or its Affiliates may at any time remove from the System one or more Brand Hotels located in the Development Territory as of the Effective Date and replace the removed Brand Hotel with a new Brand Hotel.

1.4 **Reserved Rights.** The Development Territory fairly represents the trading area, and Franchisee acknowledges that there are no express or implied territorial rights or agreements between the parties except as stated in Section 1.2 above. Franchisee irrevocably waives any right to seek or obtain the benefits of any policy Franchisor now follows or may in the future follow to notify Franchisee about proposed Brand Hotels or Network Hotels in the general area of the Development Territory, solicit information about the effect of the proposed Brand Hotel on the revenue or occupancy of the Development Territory or decide whether to add the proposed Brand Hotel to the System based on the potential effect of the proposed Brand Hotel on Brand Hotels operated by Franchisee in the Development Territory or their performance. Franchisee acknowledges that Franchisor and its Affiliates have and may have business interests other than the operation of the System and that they, in their sole discretion, may identify, define, and act upon such interests in the manner they deem appropriate. Franchisee further acknowledges that business decisions made by Franchisor and its Affiliates may impact Franchisee and agrees that Franchisor and its Affiliates have no express obligation or implied duty to protect Franchisee from the consequences of such business decisions and expressly waives any right to assert any Claim against Franchisor or its affiliates based on the existence, actual or arguable, of any such obligation or duty, including Claims for unfair competition, breach of contract, breach of any applicable implied covenant of good faith and fair dealing, or divided loyalty.

Notwithstanding the grant of territorial protection set forth in Section 1.2 above, without any restriction or obligation to Franchisee:

1.4.1 Franchisor and/or its Affiliates may own, lease, manage, operate, franchise, license, or otherwise allow (collectively as to Franchisor and/or its Affiliates, "**operate**" or "**operating**") any person to operate **(i)** Brand Hotels outside the Development Territory; **(ii)** Network Hotels that operate under brands different from the Brand at any location, inside or outside the Development Territory, in either event regardless of the impact on Brand Hotels in the Development Territory; and/or **(iii)** non-Network Hotels that Franchisor and/or its Affiliates may operate at any location inside or outside the Development Territory, in either event regardless of the impact on Brand Hotels in the Development Territory.

1.4.2 Franchisor and/or its Affiliates may own, acquire, lease, construct or renovate a Brand Hotel inside the Territory and may also franchise, license or otherwise permit third parties to do the same; provided however, provided, however, the Brand Hotel may not be opened during the Term.

1.4.3 Franchisor and/or its Affiliates may market and advertise for Brand Hotels or Network Hotels inside or outside the Development Territory.

1.4.4 Franchisor and/or its Affiliates reserves the right **(a)** to acquire or be acquired by (whether through purchase, sale, merger, consolidation, or other transaction) another chain, franchise system, group or portfolio hotels, and/or **(b)** to operate or manage another chain, franchise system, group or portfolio of hotels (each, a "**Chain Acquisition**").

1.5 **Not a Franchise Agreement.** This Agreement is not a Franchise Agreement. This Agreement does not give Franchisee any right to use the Marks or the System. In addition, this Agreement does not give Franchisee any right to license others to operate franchised Hotels or use the Franchisor's System. This Agreement only gives Franchisee the opportunity to enter into Franchise Agreements for the operation of Hotels developed at the locations in the Development Territory accepted by Franchisor. Each franchised Hotel developed pursuant

to this Agreement shall be established and operated only in strict accordance with a separate Franchise Agreement.

2. FORMS OF AGREEMENT

Franchisee acknowledges that over time Franchisor has entered and will continue to enter into agreements with other Franchisees and franchisees that may contain provisions, conditions and obligation that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that Franchisor and other Franchisees and franchisees may have different rights and obligations does not affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

3. TERM

This Agreement commences on the Effective Date and, terminates on the first to occur of: **(1)** the date that the last franchised Hotel required by the Development Schedule in attached **Exhibit A** is opened for business pursuant to a Franchise Agreement; **(2)** the date that the last franchised Hotel was required to be opened pursuant to the Development Schedule; **(3)** this Agreement is otherwise terminated for breach of this Agreement, which is not cured pursuant to the cure rights set forth in this Agreement; or **(4)** Franchisee fails to meet the Development Schedule set forth in the attached **Exhibit A** to this Agreement. There is no renewal term for this Agreement.

4. DEVELOPMENT FEE

Upon execution of this Agreement, Franchisee must pay Franchisor a development fee in an amount equal to *[amount]* Thousand Dollars ($_____), representing Franchisor's current Initial Franchise Fee ($50,000) multiplied by the minimum number of Brand Hotels to be developed pursuant to the Development Schedule (the "**Development Fee**"). The Development Fee is in consideration for the development opportunities granted in this Agreement. The total amount of the Development Fee paid by Franchisee is set forth in **Exhibit A**. Unless otherwise agreed in writing by the Parties, the Development Fee will be credited to each franchises' Initial Franchise Fee in the amount of $50,000. Franchisee acknowledges and agrees that the Development Fee is fully earned by Franchisor when paid and is not refundable under any circumstances. Unless otherwise set forth in this Agreement the Development Fee is not credited against any other fees to be paid to Franchisor.

5. FRANCHISEE'S OBLIGATIONS

5.1 **Development Milestones.** During the Term, Franchisee shall develop, open and continuously operate in the Development Territory, the number of franchised Hotels specified in the Development Schedule in attached **Exhibit A**. For each Hotel to be developed during the Development Term, Franchisee shall submit an Application for a Franchise Agreement for each Hotel to be developed pursuant to this Agreement. The franchisee under each Franchise Agreement must be either Franchisee or an entity that Franchisee controls and is approved by Franchisor in its sole discretion. Strict compliance with the Development Schedule is essential to this Agreement.

Franchisee shall not commence any Hotel Work until the Franchisor has issued its written consent in Franchisor's sole discretion with respect to Plans and Designs as set forth in the Standards. Before Franchisor can approve Franchisee's Plans and Designs, Franchisee's architect or other certified professional must certify to Franchisor that the Plans and Designs comply with all Laws related to accessibility and accommodations and facilities for those with disabilities. Franchisee is solely responsible for ensuring that the Plans and Designs comply with all of the Standards, and all applicable Laws, codes, and/or other state of locally adopted

building, zoning, and local design regulations. After Franchisor provides its written consent to the Plans and Designs, no change may be made to the Plans and Designs without Franchisor's further prior written consent in Franchisor's sole discretion. Franchisor's consent to the Plans and Designs or any modifications or changes to them does not constitute a legal review, guaranty or warranty as to suitability of the Plans and Designs or to the resulting Hotel Work.

Franchisee must start and complete the initial construction or renovation of the Hotel, as applicable, in accordance with the approved Plans and Designs, and the Standards. Franchisee will bear the entire cost of developing, constructing, and renovating the Hotel, as applicable, including professional services, financing, insurance, licensing, contractors, permits, and FF&E. Franchisee must obtain Franchisor's prior written consent in Franchisor's sole discretion for any material deviation from the Plans and Designs and the Standards in construction, renovation, equipment, and furnishing of the Hotel. Prior to commencing construction or renovation, as applicable, Franchisee must: **(i)** submit to Franchisor evidence of insurance required by the Standards, **(ii)** submit to Franchisor evidence that Franchisee is entitled to possession of the Site; and **(iii)** obtain any and all approvals, permits, or licenses required for construction or renovation, as applicable, to begin.

Franchisee may not begin operating the Hotel under the Marks without Franchisor's written authorization, which Franchisor may condition on Franchisee's, its architect, or its general contractor's certification that the Hotel is in compliance with the Plans and Designs, System, Standards, and Laws and Franchisor's approval of such certification in its sole discretion. Franchisor will conduct a final inspection of the Hotel, at Franchisee's cost and expense, within thirty (30) calendar days after Franchisee gives Franchisor written notice that the Hotel is ready to open for business (the "Pre-Opening Inspection"). Franchisor's determination that Franchisee has met all of Franchisor's pre-opening requirements will not constitute a representation or warranty, express or implied, that the Hotel complies with any Law or a waiver of Franchisee's non-compliance or Franchisor's right to demand full compliance with such pre-opening requirements or any other provision of this Agreement. Franchisee may not open the Hotel until Franchisee receives Franchisor's written authorization that Franchisee can open the Hotel. If Franchisee fails Pre-Opening Inspection, Franchisor may, in its sole business judgement, charge Franchisee Franchisor's costs and fees associated with any necessary additional visits before Franchisor's written authorization that Franchisee can open the Hotel is granted.

Any failure or delay by Franchisee in fulfilling its obligations to develop and open any Hotel when required by the Development Schedule or to obtain site acceptance by the date specified in the Development Schedule shall constitute a material, non-curable breach of this Agreement permitting Franchisor to immediately to terminate this Agreement by giving written notice of termination to Franchisee. Time is of the essence with respect to performance by Franchisee of its obligations under this Agreement.

5.2 **Franchise Agreements.** Franchisor will process each Application according to Franchisor's then-current standards for approval. If approved, Franchisee shall execute Franchisor's then-current Franchise Agreement, which will include the following terms:

5.2.1 Franchisee will pay Franchisor the Initial Franchise Fee in the amount set forth in the then-current Franchise Agreement, less a $50,000 credit from the Development Fee.

5.2.2 the Royalty Fee will be [amount]% of Gross Room Revenue;

5.2.3 the initial System Services Fee will be [amount]% of Gross Room Revenue (subject to adjustment in accordance with the Franchise Agreement);

5.2.4 there will be an exclusive license for a territory that is [to be inserted] (for each hotel developed under this Agreement); and

5.2.5 if the total minimum number of Brand Hotels under the Development Schedule is approved and opened in accordance with the Development Schedule, the Royalty Fee for each of those Brand Hotels will be reduced to [amount]% of Gross Room Revenue effective upon the opening of the last Brand Hotel.

5.3 **Failure to Meet Development Milestones.** If **(i)** Franchisor has not approved the minimum number of Applications specified by the Development Schedule by the corresponding date shown on the Development Schedule ("**Milestone**"), **(ii)** the minimum number of cumulative approved Applications does not include the minimum number of new-build properties required by the Development Schedule by the corresponding Milestone, or **(iii)** the minimum number of Brand Hotels are not in operation by the corresponding Milestone, then:

5.3.1 Franchisee will forfeit the remainder of the Development Fee not previously credited against Initial Franchise Fees;

5.3.2 the exclusive Development Territory granted to Franchisee in Sections 1.1 and 1.2 will be terminated and Franchisee will have no rights to develop a Brand Hotel in the Development Territory; and

5.3.3 this Agreement will terminate upon written notice to Franchisee.

5.4 **Legal Compliance.** In developing Brand Hotels and otherwise performing Franchisee's obligations under this Agreement, Franchisee must strictly comply with all applicable Laws, including all Laws concerning Franchisee, Franchisee's operations and services, the Site, and the Hotel's development, construction, renovation, and operation and with all requirements of the System and the Standards as they may be modified by Franchisor in its discretion from time to time. Franchisee shall be solely responsible for and Franchisor shall have no responsibility for any and all permits, certificates and licenses necessary for the full and proper development and operation of the Hotel, including, without limitation, licenses to do business, trade, fictitious or assumed name registrations, building permits, sales tax permits, health and sanitation permits and ratings, fire clearances, architecture or engineering, for code, zoning, or other requirements of the laws, rules, regulations or ordinances of any state, local municipality, urban community, or provincial or federal governmental body, including any errors, omissions, or discrepancies of any nature in any drawings or specifications obtained by Franchisee, including those provided by Franchisor. Without limiting the foregoing, Franchisee shall be solely responsible for compliance with any requirements of the Americans with Disabilities Act, Payment Card Industry Data Security Standards, state and federal privacy and data security legislation and Personal Identifiable Information laws or regulations. Franchisee shall promptly report to Franchisor all incidents involving safety, security, public relations or serious injury to persons or property that occur at, or involve, the Hotel, and all other incidents that the Standards require to be reported to Franchisor, and shall consult with Franchisor or its designated affiliate before speaking to or corresponding with the media about any such incident. Franchisee shall otherwise comply with those portions of the safety, security and public relations provisions designated as required in the Standards. Notwithstanding the foregoing, Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to maintain the safety and

security of its employees, guests and others who may be on the Hotel premises. Franchisee will notify Franchisor promptly and in writing if Franchisee has reason to believe that any obligation under this Agreement or any provision of the System violates any Law.

5.4.1 Franchisee must notify Franchisor in writing within 5 days after **(i)** Franchisee receives notice of any health or safety violation, **(ii)** the commencement of any action, suit, or proceeding, or the issuance of any order, writ, injunction, award, or decree of any Government Entity, or **(iii)** any accident or injury that may adversely affect the operation of Franchisee's business or its financial condition, or that may give rise to liability or a Claim against Franchisee or Franchisor.

6. ORGANIZATION OF FRANCHISEE

6.1 Representations.

6.1.1 If Franchisee is a corporation, a limited liability company, a partnership or any other type of organization (collectively, "**Business Entity**"), Franchisee makes the following representations and warranties: **(1)** it is duly organized and validly existing under the laws of the state of its formation; **(2)** it is qualified to do business in the state or states in which the Development Territory is located; **(3)** execution of this Agreement and the development and operation of the Hotels is permitted by its governing documents; and **(4)** unless waived in writing by Franchisor, Franchisee's Articles of Incorporation, Articles of Organization, written partnership or membership agreement or other organizational or governing documents shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of Hotels franchised by Franchisor or its affiliates.

6.1.2 If Franchisee is an individual, or a partnership comprised solely of individuals, Franchisee makes the following additional representations and warranties: **(A)** each individual has executed this Agreement; **(B)** each individual shall be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement; and **(C)** notwithstanding any transfer for convenience of ownership, pursuant to Section 9, each individual shall continue to be jointly and severally bound by, and personally liable for the timely and complete performance and a breach of, each and every provision of this Agreement

6.2 Guarantees. All members of the "Business Entity" having at least a 50% equity interest or other controlling interest in such business entity, if applicable, shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and shall bind themselves to the terms of this Agreement pursuant a Guarantee and Assumption of Franchisee's Obligations ("**Guarantee**"). Unless Franchisee is a publicly-held entity, all of Franchisee's officers and directors also shall jointly and severally guarantee Franchisee's payment and performance under this Agreement and also shall bind themselves to the terms of this Agreement pursuant to the attached Guarantee. Notwithstanding the foregoing, Franchisor reserves the right, in its sole discretion, to waive the requirement that some or all of the previously described individuals execute a Guarantee and/or to limit the scope of the Guarantee. Franchisor reserves the right to require any guarantor to provide personal financial statements to Franchisor from time to time.

7. DEFAULT AND TERMINATION

7.1 **Immediate Termination by Franchisor.** Franchisor may terminate this Agreement immediately, without giving Franchisee an opportunity to cure the default, effective upon Franchisor's delivery of written notice to Franchisee (or such later date as required by Law), without the need to obtain the authorization of any third party or any arbitral, judicial or administrative resolution and without liability to Franchisee, if:

7.1.1 Franchisee commences any case, proceeding or other action seeking its reorganization, arrangement, adjustment, liquidation, dissolution or composition or of its debts under any Laws relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Franchisee or for all or any substantial part of Franchisee's property;

7.1.2 Franchisee takes any corporate or other action to authorize any of the actions set forth in Section 7.1.1;

7.1.3 any case, proceeding or other action against Franchisee is commenced seeking to have an order for relief entered against it as debtor, or seeking Franchisee's reorganization, arrangement, adjustment, liquidation, dissolution or composition or of Franchisee's debts under any Laws relating to bankruptcy, insolvency, reorganization or relief of debtors, or seeking appointment of a receiver, trustee, custodian or other similar official for Franchisee or for all or any substantial part of Franchisee's property, and such case, proceeding or other action: **(i)** results in the entry of any order for relief against Franchisee which is not fully stayed within seven (7) business days after entry, or **(ii)** remains un-dismissed for a period of forty-five (45) days after entry;

7.1.4 Franchisee contests in any court or proceeding its ownership of the System or any part of it, or the validity of any of the Marks;

7.1.5 Franchisee breaches Sections 10 (Indemnification), 13.7 (Corrupt Practices) or 13.8 (Sanctioned Persons);

7.1.6 Franchisee is, or Franchisor discovers that Franchisee has been, convicted of a felony (or any other offense if it is likely to adversely reflect upon or affect the System, the Franchisor, or any of Franchisor's Affiliates in any way); or

7.1.7 Franchisee maintains false books and records of account or submit false reports or information to us.

7.2 **After Opportunity to Cure.** Franchisor may terminate this Agreement, effective on the date stated in its written notice (or the earliest date permitted by Law), without the need to obtain the authorization of any third party or any arbitral, judicial or administrative resolution and without liability to Franchisee, if:

7.2.1 Franchisee fails to pay us any fees or other amounts when due under this Agreement, and does not cure that default within ten (10) days after Franchisor delivers written notice of default to Franchisee; or

7.2.2 Subject to Franchisor's immediate right to terminate in Section 7.1, Franchisee fails to comply with any other provision of this Agreement or Laws and does not cure that

default within thirty (30) days after Franchisor delivers written notice of default to Franchisee.

7.3 **Reduction or Elimination of Franchisee Rights.** In lieu of termination, Franchisor may reduce or eliminate all or only certain of Franchisee's rights under this Agreement (including, but not limited to, reducing the size of the Development Territory, the number of Brand Hotels to be developed under the Development Schedule, or Franchisee's exclusivity).

7.4 **Damages.** In addition to Franchisor's other remedies, if Franchisor terminates this Agreement as a result of Franchisee's default, Franchisee must pay Franchisor all of its associated costs and expenses, including attorneys' fees.

7.5 **No Cross-Default.** A default under this Agreement does not constitute a default under any Franchise Agreement.

8. OBLIGATIONS ON TERMINATION OR EXPIRATION

8.1 **No Further Right to Develop.** Upon termination or expiration of this Agreement, Franchisee shall have no further right to develop or open Hotels in the Development Territory, except that Franchisee shall be entitled to complete and open a Hotel for which a Franchise Agreement has been fully executed. Termination or expiration of this Agreement shall not affect Franchisee's right to continue to operate Hotels that were open and operating under a valid Franchise Agreement as of the date this Agreement terminated or expired.

8.2 **Termination of Exclusive Rights.** Upon termination or expiration of this Agreement, the limited exclusive rights granted Franchisee in the Development Territory shall terminate and Franchisor shall have the right to operate or license others to operate System or Network Hotels in the Development Territory.

8.3 **Return all Materials.** Upon termination or expiration of this Agreement, Franchisee promptly shall return to Franchisor all materials and information furnished by Franchisor or its affiliates, except materials and information furnished with respect to a Hotel for which there is an effective Franchise Agreement or a Hotel which is open and operating pursuant to an effective Franchise Agreement.

8.4 **Pay all Fees.** Upon expiration or termination of this Agreement, Franchisee immediately shall pay Franchisor and its affiliates all sums due and owing Franchisor or its affiliates pursuant to this Agreement.

8.5 **Retain Development Fee.** Upon expiration or termination of this Agreement, Franchisor shall retain the Development Fee.

8.6 **Evidence of Compliance.** Franchisee shall furnish Franchisor, within 30 days after the effective date of termination or expiration, evidence (certified to be true, complete, accurate and correct by the chief executive officer of Franchisee, if Franchisee is a corporation; by a manager of Franchisee, if Franchisee is a limited liability company; or by a general partner of Franchisee, if Franchisee is a partnership; or by a person authorized in Franchisee's organizational documents, if Franchisee is any other type of business entity) satisfactory to Franchisor of Franchisee's compliance with Sections 8.1 through 8.6.

8.7 **Franchisee Restrictions.** Franchisee shall not, except with respect to a Hotel franchised by Franchisor or its affiliates to Franchisee that is then open and operating pursuant to an effective Franchise Agreement, **(1)** operate or do business under any name or in any manner that might tend to give the public the impression that Franchisee is connected in any way with Franchisor or its affiliates or has any right to use the Extended Stay America Suites System or the Marks; and/ or **(2)** make, use or avail itself of any of the materials or information furnished or disclosed by Franchisor or its affiliates under this Agreement or disclose or reveal any such materials or information or any portion thereof to anyone else.

9. TRANSFERS

9.1 **Transfer by ESA.** Franchisor shall have an absolute and unrestricted right to transfer this Agreement or any part of Franchisor's rights, duties or obligations under this Agreement, to any Person, which shall include any Business Entity that expressly assumes Franchisor's obligations. Such a Transfer will constitute a release and novation and Franchisor will not have any further obligations under this Agreement.

9.2 **By Franchisee.** Franchisee may not transfer this Agreement except with Franchisor's prior written consent given or withheld in Franchisor's sole discretion. As a condition to Franchisor's consent, Franchisor may require that Franchisee make the proposed Transfer simultaneously with a transfer of all its comparable interests under the Franchise Agreements executed pursuant to this Agreement, including satisfaction of any transfer requirements in those Franchise Agreements.

9.3 **Conditions for Transfer.**

9.3.1 Franchisee shall advise Franchisor in writing of any requested Transfer, submit (or cause the proposed transferee to submit) a franchise application for the proposed transferee, and submit a copy of all contracts and all other agreements or proposals, and all other information requested by Franchisor, relating to the proposed Transfer. The decision as to whether or not to consent to a requested Transfer shall be made by Franchisor in its sole discretion and shall include numerous factors deemed relevant by Franchisor.

9.3.2 The transferor shall pay Franchisor a nonrefundable Transfer fee in the amount of the Franchisor's then-current Initial Franchise Fee in connection with Franchisor's review of the Transfer application.

9.3.3 Franchisee, all individuals who executed this Agreement, and all guarantors of Franchisee's obligations must execute a general release and a covenant not to sue, in a form satisfactory to Franchisor, of any and all Claims against Franchisor and its affiliates and their respective past and present officers, directors, shareholders, agents and employees, in their corporate and individual capacities, including, without limitation, Claims arising under federal, state and local laws, rules and ordinances, and Claims arising out of, or relating to, this Agreement and any other agreements between Franchisee and Franchisor or its affiliates and all other Hotels operated by Franchisee that are franchised by Franchisor or its affiliates.

9.3.4 Franchisee and the proposed transferee shall execute, at Franchisor's election, an assignment agreement and any amendments to this Agreement required by Franchisor to reflect the Transfer or, in Franchisor's sole discretion, Franchisor's then-current

standard form of development agreement for a term ending on the expiration date of this Agreement. In either event, a guarantee of the type required by Section 6.2 shall be executed by those individuals identified as the Guarantors. In addition, Franchisee, the proposed transferor and the proposed transferee shall sign all other documents and take such actions as Franchisor may require to protect Franchisor's rights under this Agreement.

9.3.5 The transferor shall remain liable for all obligations to Franchisor incurred before the date of the Transfer and shall execute any and all instruments reasonably requested by Franchisor to evidence that liability.

9.4 **Consent to Transfer.** Franchisor's consent to a transfer will not constitute a waiver of any Claims it may have against Franchisee or a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement.

9.5 **Ownership of Franchisee.** Franchisee may not transfer a controlling interest in Franchisee without Franchisor's prior written consent, which Franchisor may withhold or condition in Franchisor's sole discretion.

9.6 **Permitted Transfers without approval.** Notwithstanding the provisions of Sections 9.1 through 9.4, Franchisor agrees that certain Transfers shall be permitted without Franchisor's prior written consent, provided all of the following conditions are satisfied.

9.6.1 The Transfer is a transfer **(a)** of an ownership interest in Franchisee of 20% or less, provided that after the Transfer the principal owners of Franchisee own at least 66% of all ownership interests in Franchisee, or **(b)** to a parent, sibling, spouse, children of Franchisee following the death or permanent incapacity of the ownership interests in Franchisee.

9.6.2 Franchisee provides Franchisor written notice of its intent to undertake the Transfer at least 30 days prior to the effective date of the Transfer, together with documents demonstrating that the Transfer meets the requirements of this Section 9.6.

9.6.3 In connection with the Transfer, Franchisee and all persons who will have an ownership interest in Franchisee after the Transfer fully comply with the requirements of Section 9.3 of this Agreement.

10. INDEMNIFICATION

Independent of and in addition to Franchisee's obligation to procure and maintain insurance, Franchisee will indemnify, defend, protect and hold harmless to the fullest extent permitted by law Franchisor and each of Franchisor's Affiliates (and each of their past, present, or future directors, officers, servants, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives, past or present) (collectively, the "**Indemnitees**") against any demand, inquiry (formal or informal), investigation, action, suit, Claim or charge asserted, including in any judicial, arbitration, mediation, alternative dispute resolution, administrative, debtor or creditor proceeding, bankruptcy, insolvency, or similar proceeding, losses, costs (including legal or attorneys' fees, litigation costs, investigation fees and costs, and settlement payments), liabilities (including employment liabilities, bodily injury, death, property damage and loss, personal injury and mental injury), fines, penalties, interest, and damages of every kind and description, including allegations of negligence by such Persons (or anyone associated or affiliated with Franchisee or the

Hotel, including owners, officers, directors, agents or contractors), whether or not a formal proceeding has been instituted, arising from or related to Franchisee, the Hotel, the Site, this Agreement or an Other Agreement, including without limitation: **(i)** any claimed occurrence at or related to the Hotel (including, the construction, renovation, upgrading, alteration, remodeling, repair, operation, ownership or Franchisee of the Hotel or the Site or of any other business conducted on, related to, or in connection with the Hotel or the Site); **(ii)** the unauthorized use of the Marks; **(iii)** violation of Law, **(iv)** any payment Franchisee makes or fails to make, **(v)** any breach or violation of Law, **(v)** any act, error or omission (active or passive), or (vii) all costs and fees the Indemnitees incur with regard to actions, Claims, notices or proceedings involving Franchisee, Franchisee's Affiliates, (and each of their past, present, or future directors, officers, servants, employees, incorporators, members, partners, stockholders, subsidiaries, affiliates, controlling parties, entities under common control, ownership or management, vendors, service providers, agents, attorneys or representatives, past or present), including without limitation participation in such actions, Claims, notices or proceedings by responding to discovery requests, by making an appearance as a witness, or otherwise (collectively, an "**Indemnified Claim**"). Franchisee assumes full responsibility and liability for and agrees to release the Indemnitees from and against any Indemnified Claim, regardless of when in the future sustained and whether or not caused or contributed to by the negligence of Indemnitees. Franchisee agrees to give Franchisor written notice of any suit, judicial or administrative investigation, proceeding or any other event that could be the basis for an Indemnified Claim within three (3) days after Franchisee first becomes aware of it. Franchisee will indemnify, defend, protect and hold harmless the Indemnitees for any Indemnified Claim upon demand, and Franchisee's obligations are not conditioned upon and shall not be delayed by the pendency of any legal process or final resolution of any Indemnified Claim. At Franchisor's election in Franchisor's sole discretion, Franchisee will defend the Indemnitees against the Indemnified Claim and will reimburse Indemnitees upon demand. Franchisor may control the defense of any Indemnified Claim at Franchisee's cost (including the right to select counsel or defend or settle any Indemnified Claim). Franchisor may, at any time, offer, order, consent or agree to settlements or take any other remedial or corrective actions with respect to any Indemnified Claim. Franchisor reserves the right to approve any resolution or course of action in regard to an Indemnified Claim. None of the Indemnitees are required to seek recovery from third parties or otherwise mitigate their losses to claim indemnification. The failure by any Indemnitee to pursue recovery from third parties or mitigate loss will not reduce the amounts recoverable from Franchisee. Franchisee agrees that any failure to pursue recovery from third parties or mitigate loss will in no way reduce the amounts recoverable by Franchisor or any of the other Indemnitees from Franchisee. Franchisee agrees and understands that Franchisor and its Affiliates shall not, nor shall they have the obligation to, indemnify or hold Franchisee harmless from and against any action or Claim by any third party based upon Franchisor's or Franchisor's Affiliates' exercise of any of its rights in accordance with the terms of this Agreement. To the maximum extent permitted by law, Franchisee acknowledges and agrees that except as provided under an applicable guarantee of performance, or express statutory liability for such conduct, none of the Indemnitees will have any liability for **(i)** any obligations or liabilities relating to or arising from this Agreement, **(ii)** any Claim based on, in respect to, or by reason of, the relationship between Franchisee and Franchisor, or **(iii)** any Claim based on any of Franchisee's alleged unlawful act or omission. For avoidance of doubt, this provision constitutes an express waiver of any Claims based on the theory of vicarious liability.

11. RELATIONSHIP OF THE PARTIES

Franchisee is an independent contractor. Nothing in this Agreement, or in the conduct of the Parties hereunder, creates a fiduciary relationship or other special relationship or makes either Party a general or special agent, legal representative, joint venture, partner, or employee of the other for any purpose. Franchisee acknowledges and agrees that Franchisor and Franchisee are not, and do not intend to be, partners, associates, or joint employers in any way, and Franchisor shall not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Although Franchisor retains the right to establish and modify the System that Franchisee must follow, Franchisee retains all sole and direct responsibility for the day-to-day management and operation of its business and for implementing and maintaining the Standards at the Hotel.

To the extent the Standards or any other guidance, policies, or procedures from Franchisor might apply to Franchisee's employees, such Standards, guidance, policies, and procedures are provided for informational purposes only and are not mandatory, and Franchisee must determine to what extent, if any, they apply to its operation of the Hotel. Franchisee acknowledges and agrees that it is solely and directly responsible for labor and employment matters for Franchisee's employees, including without limitation for dictating terms and conditions of employment, training, wages, benefits, promotions, hirings and terminations, vacations, safety, work schedules, and specific tasks. If Franchisee comprises two or more persons or entities (notwithstanding any agreement, arrangement or understanding between or among such persons or entities) the rights, privileges and benefits of this Agreement may only be exercised and enjoyed jointly. The liabilities and responsibilities under this Agreement will be the joint and several obligations of all such persons or entities. Franchisor has no relationship with Franchisee's employees, and Franchisee has no relationship with Franchisor's employees. Franchisee shall have no right or power to, and shall not, bind or obligate Franchisor or its affiliates in any way or manner, nor represent that Franchisee has any right to do so. Franchisee shall not issue any press releases without the prior written approval of Franchisor.

12. GOVERNING LAW, INTERIM RELIEF, COSTS OF ENFORCEMENT, WAIVERS

12.1 **Governing Law.** This Agreement, and all issues arising from or relating to this Agreement, shall be interpreted and construed under the laws of North Carolina and under any applicable federal Laws, regardless of any conflict-of-laws principles. If any provision of this Agreement would be unenforceable under North Carolina law at the time a Claim is initiated, and the Hotel is located outside of North Carolina, then that provision shall be interpreted and construed under the laws of the state in which the Hotel is located. By this choice of law, the Parties do not intend to subject this Agreement to any franchise or similar law, rule, or regulation to which this Agreement would not otherwise be subject.

12.2 **Arbitration.** Except as otherwise specified in this Agreement and for Claims for indemnification under Section 10 any controversy or Claim arising out of or relating to this Agreement or any Other Agreements, or the breach of this Agreement or any Other Agreements, including any Claim that this Agreement or any part of this Agreement or any related agreements is invalid, illegal, or otherwise voidable or void, as well as any Claim that Franchisor violated any laws in connection with the execution or enforcement of this Agreement or any Other Agreements and any Claim for declaratory relief, will be sent to final and binding arbitration in the state of North Carolina before either the American Arbitration Association, J.A.M.S., or National Arbitration Forum in accordance with the Commercial Arbitration Rules of the American Arbitration Association, including its rules for emergency measures of protection, except to the extent that the Commercial Rules of the American Arbitration Association may be interpreted to require Franchisee or Franchisor to produce documents, witnesses, or information at a time other than at a hearing on the Claim without our mutual consent.

12.2.1 The parties agree that the Federal Arbitration Act applies to the interpretation and enforcement of this Section 12 and the arbitrator and not any federal, state, or local court or agency, shall have exclusive authority to resolve any Disputes relating to the interpretation, applicability, enforceability, or formation of this agreement to arbitrate. The arbitrator shall also be responsible for determining all threshold arbitrability issues relating to whether the terms are unconscionable or illusory and any defense to arbitration, including waiver, delays, laches or estoppel. In the event more than one demand for arbitration is filed in connection with this Agreement or any related agreements, the demand filed with the American Arbitration Association, J.A.M.S., or National Arbitration Forum office having jurisdiction over North Carolina

proceedings shall take precedence, and any other demand shall be withdrawn and presented in the North Carolina filing.

12.2.2 The arbitrator will apply the substantive laws of North Carolina without reference to its conflict of laws provision. In the event the arbitrator determines that any contractual limitations period provided for in this Agreement is not applicable or enforceable, then Franchisee agrees to be bound by the provision of any statute of limitations which would otherwise be applicable to the controversy, dispute or Claim which is the subject of any arbitration proceeding initiated under this Section 12.2. The decision of the arbitrator will be final and binding on the parties and will be enforceable in any courts having jurisdiction. The arbitrator will have no authority to amend or modify the terms of this Agreement. The arbitrator will have the right to award or include in its award any relief it deems proper, including money damages and interest on unpaid amounts, specific performance and legal fees and costs in accordance with this Agreement; however, the arbitrator may not award punitive, consequential or exemplary damages in violation of Section 12.4 or those related to misuse of Franchisor's Marks and/or intellectual property. The costs and expenses of arbitration will be allocated and paid by the parties as determined by the arbitrator.

12.2.3 Judgment on the arbitration award may be entered in any court having jurisdiction. If any party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party, notwithstanding its failure to appear. Any arbitration will be conducted at Franchisor's headquarters office in North Carolina and the parties agree that any state laws attempting to prohibit arbitration in North Carolina are pre-empted by the Federal Arbitration Act. Nothing in this Section 12.2 will be construed as requiring Franchisee or Franchisor to make a Claim in arbitration before exercising any rights Franchisee or Franchisor may have to give notice of default or termination in accordance with the terms of this Agreement or any related agreements.

12.3 **Injunctive Relief.** Franchisee explicitly affirms and recognizes the uniqueness attached to the System and the Marks and that Franchisee's noncompliance with the terms of this Agreement, or any unauthorized or improper use of the System or the Marks, will cause Franchisor irreparable damage. As such, Franchisor will be entitled to injunctive or other equitable relief for any threatened or actual material breach of this Agreement without being required to prove the inadequacy of money damages as a remedy, without being required to post a bond and without waiving any other rights or remedies at law or in equity.

12.3.1 Any Dispute involving actual or threatened disclosure or misuse of the contents of the Standards Manual or any other Confidential Information or trade secrets of the Franchisor;

12.3.2 Any Dispute involving the ownership, validity, use of, or right to license the Marks;

12.3.3 Any action by Franchisor to enforce the covenants set forth in Section 13.11 and Section 13.12 of this Agreement; and

12.3.4 Any action by Franchisor to stop or prevent any threat or danger to public health or safety resulting from the construction, maintenance, or operation of the Hotel. The provisions of this Section are intended to benefit and bind certain third-

party non-signatories and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

12.4 **WAIVER OF PUNITIVE DAMAGES.** FRANCHISEE HEREBY WAIVES TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM OF ANY PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR SIMILAR DAMAGES AGAINST FRANCHISOR AND ITS AFFILIATES.

12.5 **WAIVER OF JURY TRIAL.** THE PARTIES EACH WAIVE TRIAL BY JURY OF ANY ACTION OR PROCEEDING, AT LAW OR IN EQUITY, BROUGHT AGAINST EACH OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN THE ACTION OR PROCEEDING.

12.6 **WAIVER OF CLASS ACTIONS**NEITHER FRANCHISOR NOR FRANCHISEE SHALL SEEK TO LITIGATE OR ARBITRATE 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 ARBITRATION OR OTHER 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 FRANCHISOR AND FRANCHISEE AND ANY PERSON IN PRIVITY WITH, OR CLAIMING THROUGH, IN THE RIGHT OF, OR ON BEHALF OF, FRANCHISOR OR FRANCHISEE UNLESS BOTH FRANCHISOR AND FRANCHISEE CONSENT IN WRITING. FRANCHISOR HAS THE ABSOLUTE RIGHT TO REFUSE SUCH CONSENT. FRANCHISEE AGREES AND ACKNOWLEDGES THAT ANY PROCEEDING DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THIS AGREEMENT, THE RELATIONSHIP BETWEEN THE PARTIES, OR ANY AGREEMENT OR RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR OR ANY AFFILIATE OF FRANCHISOR WILL BE CONSIDERED UNIQUE ON ITS FACTS AND MAY NOT BE BROUGHT AS A CLASS OR GROUP ACTION.

12.7 **Jurisdiction.** Franchisee expressly and irrevocably submits to the non-exclusive jurisdiction of the courts of the State of North Carolina for the purpose of any Disputes that are not required to be subject to arbitration under Section 12.2.

13. MISCELLANEOUS

13.1 **Entire Agreement.** This Agreement, together with any agreements to be executed and delivered pursuant to this Agreement and other documents and materials referenced therein (e.g., Standards, the Standards Manual), constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior understandings and writings between them. However, nothing in this Agreement is intended to disclaim any representations made to Franchisee in the Franchise Disclosure Document furnished by Franchisor to Franchisee. This Agreement may not be modified except by an instrument in writing executed and delivered by both Parties.

13.2 **Severability.** The language of all provisions of this Agreement shall be construed according to its fair meaning, but in no event shall it be presumed that such language is to be construed against the drafter. If any provision of this Agreement shall be determined to be void, illegal, or unenforceable under applicable Law, all other provisions of this Agreement will continue in full force and effect. However, if in Franchisor's judgment the invalidity or ineffectiveness of such provision or part substantially impairs the value of this Agreement to Franchisor, then Franchisor may at any time terminate this Agreement by written notice to Franchisee without penalty or compensation. Franchisee 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 may hold to be unreasonable and unenforceable in a final decision to which Franchisee is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

13.3 **Interpretation.** Section headings are for convenience and are not to be used to interpret the Sections to which they refer. All Exhibits and Schedules to this Agreement are incorporated by reference. Words indicating the singular include the plural and *vice versa* as the context may require. References to days, months and years are all calendar references. Franchisor and Franchisee intend that this Agreement excludes all implied terms to the maximum extent permitted by applicable Law. References that a Person "will" do something mean the Person has an obligation to do such thing. References that a Person "may" do something mean a Person has the right, but not the obligation, to do so. References that a Person "may not" or "will not" do something mean the Person is prohibited from doing so. Examples used in this Agreement and references to "includes" and "including" are illustrative and not exhaustive. Except as otherwise provided in this Agreement, any approval or consent required under this Agreement will not be effective unless it is in writing and signed by the duly authorized officer or agent of the party giving such approval or consent. Franchisor will not be liable for: **(i)** providing or withholding any approval or consent; **(ii)** providing any suggestion to Franchisee; **(iii)** any delay; or **(iv)** denial of any request. In no event may Franchisee make any Claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld, delayed and/or denied any consent or approval under this Agreement. Franchisee waives any such Claim for damages. Franchisee may not claim any such damages by way of setoff, counterclaim or defense.

13.4 **No Third-Party Beneficiary.** Except for the Indemnitees, there are no third-party beneficiaries to this Agreement.

13.5 **Waiver.** All modifications, waivers, approvals and consents of or under this Agreement by Franchisor must be in writing and signed by Franchisor's authorized representative to be effective. Franchisor will not be deemed to have waived any right reserved by this Agreement by virtue of any custom or practice of the Parties at variance with said reserved right; any failure, refusal, or neglect by Franchisor to exercise any right under this Agreement, or to insist upon exact compliance by Franchisee with its obligations hereunder; any waiver, forbearance, delay, failure, or omission by Franchisor to exercise any right, whether of the same, similar, or different nature, with respect to Franchisee; or the acceptance by Franchisor of any payments due from Franchisee after any breach of this Agreement. The failure or delay of Franchisor to insist on strict performance of any of the terms of this Agreement, or to exercise any right or remedy, will not be a waiver of future performance of that provision beyond the waiver and/or any other provision of this Agreement. If Franchisee fails to notify Franchisor in writing of an alleged misrepresentation, violation of law, deficiency, or breach of this Agreement within one

(1) year from the date Franchisee has knowledge of, believes, determines, or is of the opinion that there has been a misrepresentation, violation of law, deficiency, or breach by Franchisor, then the alleged misrepresentation, violation of law, deficiency, or breach will be considered waived.

13.6 **Notices.** Notices required under this Agreement must be in writing and delivered personally, by overnight or express delivery service, or by certified mail as follows:

Notices to Franchisor:

ESH Strategies Franchise LLC
13024 Ballantyne Corporate Place, Suite 1000
Charlotte, NC 28277
Attn: General Counsel

Notices to Franchisee:

_____
_____
_____
_____
Attn: _____

13.7 **Corrupt Practices.** Neither Franchisee, nor any person acting for or on behalf of Franchisee, may: **(i)** make any expenditure for any unlawful purposes in the performance of its obligations under this Agreement or in connection with its activities in relation thereto; or **(ii)** bribe or offer to bribe any government official, any political party or official thereof, or any candidate for political office, for the purpose of influencing any action or decision of such person in their official capacity or any Government Entity of any jurisdiction, or for any other reason, or any third party whomsoever. Franchisee, and any person acting on behalf of Franchisee, shall comply with all applicable Anti-Corruption Laws and anti-money laundering laws and regulations in connection with the performance of this Agreement (including without limitation in the construction, development, opening, and operation of the Hotel).

13.8 **Sanctioned Persons.** Franchisee represents and warrants to Franchisor that as of the Effective Date, and Franchisee covenant throughout the Term, that Franchisee, Franchisee's directors, officers, senior management, shareholders, and Controlling Equity Holders are not (and will not be), and are not (and will not be) owned or controlled by, or acting on behalf of, any Sanctioned Persons. Franchisee will notify Franchisor in writing immediately upon the occurrence of any event which would render the foregoing representation, warranty and covenant incorrect. If any event occurs that would causer Franchisee to be in breach of the foregoing representation, warranty and covenant, Franchisor may terminate this Agreement immediately upon written notice to Franchisee.

13.9 **Franchisee's Representations and Warranties.** Franchisee represents and warrants to Franchisor as of the Effective Date as follows:

13.9.1 **DISCLOSURE**. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE HAS READ AND UNDERSTOOD THIS AGREEMENT, THE FRANCHISE DISCLOSURE DOCUMENT AND THE FORM FRANCHISE AGREEMENT ATTACHED AS AN EXHIBIT THERETO AND THAT FRANCHISEE HAS HAD

SUFFICIENT TIME AND OPPORTUNITY TO CONSULT WITH ITS ADVISORS ABOUT THE POTENTIAL BENEFITS AND RISKS OF ENTERING INTO THIS AGREEMENT. FRANCHISEE HAS HAD AN OPPORTUNITY TO NEGOTIATE THIS AGREEMENT.

13.9.2 HOLDING PERIODS. FRANCHISEE ACKNOWLEDGES THAT FRANCHISEE RECEIVED A COPY OF THIS AGREEMENT, ITS ATTACHMENTS (INCLUDING ANY ADDITIONS OR DELETIONS UNILATERALLY MADE BY FRANCHISOR) AND THE FRANCHISE DISCLOSURE DOCUMENT, INCLUDING THE FRANCHISE AGREEMENT ATTACHED AS AN EXHIBIT THERETO, AT LEAST SEVEN (7) DAYS BEFORE THE DATE ON WHICH FRANCHISEE EXECUTED THIS AGREEMENT OR MADE ANY PAYMENT TO FRANCHISOR OR ANY AFFILIATE IN CONNECTION WITH THIS AGREEMENT.

13.10 Counterparts and Electronic Signatures. This Agreement may be executed in counterparts, and each copy so executed and delivered shall be deemed an original. By entering into this Agreement, Franchisee expressly consents to transact business with Franchisor electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this Agreement may be executed by electronic signatures. The parties to this Agreement agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this Agreement shall constitute an original for all purposes.

13.11 Confidential Information. Franchisee must treat as proprietary and confidential the Standards and other Confidential Information, contained in the Standards Manual, and other collateral documents, regardless of form or format, provided and updated as Franchisor requires in its sole discretion. Franchisee acknowledges and agrees that it does not acquire any interest in the Standards and other Confidential Information other than the right to use the same in the development and operation of the Hotel pursuant to this Agreement during the Term. Franchisee agrees that it will not use the Standards or other Confidential Information in any business of for any purpose other than in the development and operation of the Hotel under the System during the Term. Franchisee agrees and acknowledges that the Standards and other Confidential Information are proprietary and constitute trade secrets of Franchisor and its Affiliates which have commercial value. Without Franchisor's prior written consent in Franchisor's sole discretion, Franchisee may not at any time copy, duplicate, record, reproduce, or otherwise transmit or make available to any unauthorized Person all or any part of the Standards or other Confidential Information. Franchisee may divulge the Standards and other Confidential Information only to those of Franchisee's employees or agents who require them for the development or operation of the Hotel, and only if those employees or agents are **(i)** apprised of the confidential nature of the information before it is divulged to them and **(ii)** bound by confidentiality obligations substantially similar to those in this Section. Franchisee is liable for any breaches of these confidentiality obligations by Franchisee's employees or agents. Franchisee will maintain the Standards and other Confidential Information in a safe and secure location and will immediately report to Franchisor any theft or loss of all or any part of the Standards or other Confidential Information. Franchisee will adopt and implement all procedures Franchisor may periodically require in Franchisor's sole discretion to prevent unauthorized use or disclosure of the Confidential Information, including without limitation use of non-disclosure and non-competition provisions in agreements with employees, agents, and independent contractors who have access to the Standards and other Confidential Information. Franchisee agrees that the existence of any Claims it may have

against Franchisor or Franchisor's Affiliates, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section. Franchisee further acknowledges that any violation of the terms of this Section would result in irreparable injury to Franchisor or its Affiliates for which no adequate remedy at law may be available, and Franchisee accordingly consents to the issuance of an injunction prohibiting any conduct by them in violation of the terms of this Section. Franchisee agrees to pay all costs and expenses (including legal fees and court costs) incurred by Franchisor or its Affiliates in connection with the enforcement of this Section, including all costs and expenses for obtaining specific performance, or an injunction against any violation, of the requirements of this Section. The restrictions in this Section shall survive the termination or expiration of this Agreement.

13.12 **Insurance.** Franchisee will procure and maintain insurance at Franchisee's expense with the coverages, deductibles, limits, carrier ratings, and policy obligations required by the Standards. Such insurance requirements may include: property insurance including business interruption, earthquake, flood, terrorism and windstorm; workers' compensation; commercial general liability; business auto liability; umbrella or excess liability; fidelity coverage; employment practices liability; cyber liability; and such other insurance customarily carried on hotels similar to the Hotel. Franchisor may change such requirements in the Standards and may also require Franchisee to obtain additional types of insurance or increase the amount of coverages. All insurance policies must: **(i)** (except for workers' compensation and fidelity insurance) name as unrestricted additional insureds Franchisor, any Indemnitee that Franchisor designates, and Franchisor's respective employees and agents; **(ii)** provide that the coverages will be primary and that any insurance carried by any additional insured will be excess and non-contributory; **(iii)** contain a waiver of subrogation in favor of Franchisor and Franchisor's designated Affiliates, as applicable; and **(iv)** provide that the policies will not be canceled, non-renewed, or reduced without at least thirty (30) days' prior written notice to Franchisor. Franchisee must furnish Franchisor with certificates of insurance evidencing these requirements (e.g., terms, limits, and names of insurers). Renewal certificates of insurance will be delivered to Franchisor not less than 10 days before their respective inception dates. If Franchisee fails to procure or maintain the required insurance, Franchisor may, in Franchisor's sole discretion, upon ten (10) days' written notice to Franchisee, procure and maintain the required insurance without notice to Franchisee and may require Franchisee to reimburse Franchisor for all related costs and fees of doing so. If Franchisee delegates its insurance obligations to any other Person, Franchisee will ensure that such Person satisfies such obligations. Such delegation will not relieve Franchisee of its obligations under this Agreement and the Standards. Any failure to satisfy the insurance requirements is a default under this Agreement. Franchisee will cooperate with Franchisor in pursuing any claim under insurance required by this Agreement.

13.13 **Additional.** Franchisee and the persons signing this Agreement for Franchisee have full power and authority and have been duly authorized, to enter into and perform or cause performance of Franchisee's obligations under this Agreement. Franchisee has obtained all necessary approvals of Franchisee's owners, Board of Directors and lenders. No executory franchise, license or affiliation agreement for the Hotel exists other than this Agreement. Franchisee's execution, delivery and performance of this Agreement will not violate, create a default under or breach of any charter, bylaws, agreement or other contract, license, permit, indebtedness, certificate, order, decree or security instrument to which Franchisee or any of Franchisee's Equity Owners is a party or is subject or to which the Hotel is subject. Neither Franchisee nor the Hotel is the subject of any current or pending merger, sale, dissolution, receivership, bankruptcy, foreclosure, reorganization, insolvency, or similar action or proceeding on the date Franchisee executes this Agreement and was not within the three years preceding such date. Neither general economic downturn or conditions nor Franchisee's own financial inability to

perform the terms of this Agreement will be a defense to an action by Franchisor or Franchisor's Affiliates for Franchisee's breach of this Agreement. All written information Franchisee has submitted or will submit to Franchisor about the Hotel, Franchisee, Franchisee's owners, any guarantor, or the finances of any such person or entity, was or will be at the time delivered, true, accurate and complete, and such information contains no misrepresentation of a material fact, and does not omit any material fact necessary to make the information disclosed not misleading under the circumstances. There are no express or implied covenants or warranties, oral or written, between Franchisor and Franchisee except as expressly stated in this Agreement. With the exception of Claims related to representations contained in the franchise disclosure document for the Brand, Franchisee, on Franchisee's own behalf and on behalf of, as applicable, Franchisee's officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge Franchisor and Franchisor's Affiliates and Franchisor's and Affiliates' respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, Claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between Franchisor and Franchisee before the Effective Date of this Agreement. This release will survive the termination of this Agreement.

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Development Agreement as of the Effective Date.

ESH STRATEGIES FRANCHISE LLC	**FRANCHISEE**:
_____	_____
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT A

DEVELOPMENT TERRITORY AND DEVELOPMENT SCHEDULE

Development Territory. As used in this Agreement, the "Development **Territory**" consists of the following:

[Define by geographic boundaries such as radius from specified location, street borders, city/county limits, etc.]

Development Schedule:

Milestone	Cumulative Applications Approved		Cumulative Brand Hotels in Operation
	Total	Minimum Number of New-Builds	
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]
[to be inserted]	[to be inserted]	[to be inserted]	[to be inserted]

Identity of Franchisee

Name of Individual_____
Name of Business Entity_____

Unit Holder or Shareholder	Percentage of Ownership

EXHIBIT B

DEFINITIONS

The following capitalized terms will have the meanings set forth after each term:

"**Affiliate**" means any natural person or firm, corporation, partnership, limited liability company, association, trust or other entity which, directly or indirectly, controls, is controlled by, or is under common Control with, the subject entity.

"**Agreement**" means this Development Agreement, including any Exhibits, attachments and addenda.

"**Anti-Corruption Laws**" means the **(i)** the United Nations Convention Against Corruption; **(ii)** the U.S. Foreign Corrupt Practice Act, available in many languages at http://www.justice.gov/criminal/fraud/fcpa/statutes/regulations.html, 15 U.S.C. § 78m, 78dd-l, 78dd-2, and 78dd-3; **(iii)** the Organization For Economic Co-operation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (and related implementing legislation); **(iv)** the relevant common law or legislation from time to time in force in England and Wales, including the Public Bodies Corrupt Practices Act 1889 and the Prevention of Corruption Act 1906 as supplemented by the Prevention of Corruption Act 1916 and the Anti-Terrorism, Crime and Security Act 2001, the Criminal Law Act 1977, and The Bribery Act 2010; and **(v)** any anti-bribery or anti-corruption provisions in the criminal, anti-competition, anti-bribery and/or anti-corruption laws of the jurisdiction in which Franchisee operates; together with any amending, consolidating or successor legislation or case law which has effect from time to time in the relevant jurisdiction.

"Application" means Franchisee's application for a proposed site for approval by us.

"**Brand**" means the brand name Extended Stay America Premier Suites® but specifically excluding other brands or names of Franchisor or any affiliate whether or not using the mark Extended Stay America alone or with another designation (such as "Suites") or otherwise.

"**Brand Hotels**" means hotels operating under the System using the Brand.

"Claim" means any demand, inquiry, investigation, action, claim or charge asserted, including in any judicial, arbitration, administrative, debtor or creditor proceeding, bankruptcy, insolvency, or similar proceeding.

"Confidential Information" means **(i)** the Standards, System, Network and Website, **(ii)** documents, proprietary information, or trade secrets approved for the System or used in site selection, design, construction, renovation or operation of the Hotel, (in) any marketing, reservations, quality assurance, guest loyalty and satisfaction, training, technology or other systems, services or programs developed for the System; **(iii)** knowledge of specifications for and suppliers of Supplies and other products and supplies that are identified with Brand Hotels and/or other Network Hotels; **(iv)** Data, Guest Data and other information contained in, relating to, or arising from use of the Reservation Service; **(v)** any other knowledge, trade secrets, business information or know-how or other proprietary information obtained or generated **(a)** through Franchisee's use of the System or the operation of the Hotel that Franchisor deem confidential or **(b)** under any Other Agreements.

"**Control**" (and any form thereof, such as "**controlling**" or "**controlled**") means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity, or of the power to veto major policy decisions of an entity, whether through the ownership of voting securities, by contract, or otherwise.

"**Dispute**" means any disagreement, controversy, or Claim relating to or arising out of the Franchise Agreement and/or any Other Agreement(s), the relationship created by the Franchise Agreement and/or the Other Agreement(s), or the validity or enforceability of the Franchise Agreement and/or any Other Agreement(s).

"**Effective Date**" has the meaning defined in the preamble to this Agreement.

"**Franchise Disclosure Document**" means that certain document that Franchisor provides to prospective franchisees of Brand Hotels as required by the trade regulation rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising" and as Franchisor may update from time to time.

"Franchisee" means Franchisee and its permitted successors and assigns.

"**Government or Government Entity**" means: **(i)** any agency, instrumentality, subdivision or other body of any national, regional, local or other government; **(ii)** any commercial or similar entities owned or controlled by such government, including any state-owned and state-operated companies; **(iii)** any political party; and **(iv)** any public international organization.

"**Gross Room Revenue**" means revenues attributable to or payable for the use or occupancy of the Guestrooms at the Site, including barter and credit transactions (before commissions and discounts for credit cards), whether or not collected, proceeds from any business interruption insurance or other loss of income insurance applicable to loss of revenues due to the non-availability of rooms, and proceeds for guaranteed no-show revenue and other cancellation fees which are collected, but excluding sales taxes, room taxes or other taxes collected by Franchisee from customers for transmittal to appropriate taxing authorities. Gross Room Revenue shall also exclude revenue derived from vending, laundry exchange, and laundry machines. Gross Room Revenue shall be accounted for in accordance with the Uniform System of Accounts for The Lodging Industry, Eleventh Revised Edition, 2014 (the "**2014 11th Edition**"), as published by the Hotel Association of New York City, Inc., except as otherwise provided in the accounting procedures set forth in the Standards; subject, however, to the right of us to designate any subsequent edition or to designate a reasonable alternative accounting system if, the 2014 11th Edition is no longer recognized as the authoritative lodging accommodations accounting practice.

"**Guestrooms**" means each rentable unit in the Hotel generally used for overnight guest accommodations, the entrance to which is controlled by the same key, provided that adjacent rooms with connecting doors that can be locked and rented as separate units are considered separate Guestrooms.

"**Hotel**" means the Hotel located at the Site that Franchisee will develop pursuant to this Agreement. The Hotel includes all structures, facilities, appurtenances, guest rooms, meeting facilities, supplies, entrances, exits, and parking areas located on the Site or any other real property that Franchisor approves for Hotel expansion, signage, or other facilities.

"**Laws**" means all public laws, statutes, ordinances, orders, rules, regulations, permits, licenses, certificates, authorizations, directions and requirements of all Governments and Government Entities having jurisdiction over the Hotel, Site or over Franchisee to operate the Hotel, which, now or hereafter, may apply to the construction, renovation, completion, equipping, opening and operation of the Hotel, including Title III of the Americans with Disabilities Act, 42 U.S.C. § 12181, et seq., and 28 C.F.R. Part 36.

"**Marks**" means the Brand and all other business names, copyrights, designs, distinguishing characteristics, domain names, emblems, insignia, logos, slogans, devices, service marks, service marks, symbols, trademarks, trade dress, trade names, and indicia of origin (whether registered or unregistered by Franchisor or Franchisor's Affiliates) used in the System, all as Franchisor or Franchisor's Affiliates may change, delete, add to or otherwise modify in Franchisor's sole discretion, and any combinations of the foregoing.

"**Network**" means the hotels, inns, conference centers, timeshare properties and other operations that Franchisor and Franchisor's Affiliates own, license, lease, operate or manage, whether under the Brand or other brands, now or in the future.

"**Network Hotel**" means any hotel, inn, conference center, timeshare property or other similar facility within the Network.

"**Party**" or "**Parties**" means Franchisee or Franchisor when referred to individually, and collectively when referred to in plural.

"**Person(s)**" means a natural person or entity.

"**Sanctioned Person**" means **(a)** the government of any country that is subject to an embargo imposed by the United States government or United Kingdom government; **(b)** in the event of entities, Persons located in, or organized under, the laws of any country that is subject to an embargo imposed by the United States government or United Kingdom government; **(c)** in the event of individuals, Persons that ordinarily reside in any country that is subject to an embargo imposed by the United States government or United Kingdom government; or **(d)** Persons identified from time to time by any government or legal authority under applicable laws as a Person with whom dealings and transactions by ESA and/or its Affiliates are prohibited or restricted, including Persons designated on the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) List of Specially Designated Nationals and Other Blocked Persons (including terrorists and narcotics traffickers), Persons designated on the United Kingdom government's asset freeze lists and similar restricted party listings, including those maintained by other governments pursuant to applicable United Nations, European Union, regional or national trade or financial sanctions.

"**Site**" means the real property on which the Hotel is located or to be located, as approved by Franchisor.

"**Standards**" means Franchisor's confidential Brand standards, systems, guides, programs, other requirements (including those relating to insurance), directives, specifications, design criteria, and such other information, initiatives and controls that are required by Franchisor in its sole discretion for planning, designing, constructing, renovating, refurbishing, and operating Brand Hotels.

"**System**" means the elements, including know-how, that Franchisor designates to distinguish hotels operating under the Brand that provide to the consuming public a similar, distinctive, hotel service, as Franchisor may modify, amend or supplement from time to time in its sole discretion. The System currently includes: the Marks, Confidential Information and the Standards; access to the Reservation Service;

advertising, publicity and other marketing programs and materials; training programs and materials; and programs for Franchisor inspection of the Hotel and consulting with Franchisee. Franchisor operates multiple franchise systems under various trademarks. For the avoidance of any doubt, for purposes of this Agreement, "System" only refers to the franchise system for the Brand being licensed to the Franchisee.

"**Transfer**" means the voluntary or involuntary, direct or indirect, sale, conveyance, exchange, assignment, transfer, pledge, grant of a security interest in, or other disposition of this Agreement by law or otherwise, any right or obligation under this Agreement, or any form of ownership interest in Franchisee or the assets, revenues or income of Franchisee's Hotel, including: **(1)** any issuance or redemption of a legal or beneficial ownership interest in the capital stock or ownership units of Franchisee; **(2)** any merger or consolidation of Franchisee, whether or not Franchisee is the surviving legal entity; **(3)** any transfer as a result of a divorce, insolvency or dissolution proceeding or otherwise by operation of law; **(4)** any transfer on the death of Franchisee or any Owner of Franchisee by will, declaration of trust or under the laws of intestate succession; or **(5)** any foreclosure of Franchisee's Hotel or any Franchisee transfer, surrender or loss of possession, control or management of Franchisee's Hotel. A marketing list, customer list or potential customer list may be transferred only with Franchisor's prior written approval in Franchisor's sole discretion to a transferee to whom Franchisee's rights and obligations under this Agreement are simultaneously being transferred in accordance with the terms hereof.

EXHIBIT C

HOTEL TECHNOLOGY AGREEMENT

ESA HOTEL TECHNOLOGY AGREEMENT

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ESA HOTEL TECHNOLOGY AGREEMENT

This ESA Hotel Technology Agreement (the "**HTA**") between ESA Strategies Franchise LLC, a Delaware limited liability company ("**ESA**") and [_____ _____] ("**Franchisee**"), is entered into as of the date of the last signature below (the "**Effective Date**"). ESA and Franchisee are parties to that certain Franchise Agreement dated [_____] (the "**Franchise Agreement**") with respect to Franchisee's EXTENDED STAY AMERICA PREMIER SUITES® hotel located at [_____] (the "**Hotel**"). The parties desire to establish terms and conditions by which Franchisee will purchase, lease, license and/or acquire a personal, revocable, non-exclusive, non-transferable right to use certain software, hardware, network, connectivity, cloud, subscription and other services for the benefit of the Hotel while operated by the Franchisee in accordance with the Franchise Agreement, each according to the terms herein, including the schedules, exhibits, addenda and statements of work referencing and incorporating this HTA, and of the Franchise Agreement and related documents, including but not limited to the Information Technology and Telecommunication and Safety and Security Brand Standards, as well as insurance requirements set forth in Brand Standards. This HTA is included within the defined term "Other Agreements" under the Franchise Agreement. Accordingly, the parties acknowledge and agree to the foregoing and the following terms and conditions:

1. MASTER AGREEMENTS; PROJECT MANAGEMENT SERVICES; FEES & COSTS.

1.1 Master Agreements. ESA or its affiliates may, from time to time, without warranty or representation of any kind, negotiate with an outside vendor, a master computer equipment purchase or lease agreement, a master software license or sublicense agreement, a master services agreement, a master subscription agreement, a master software as a service agreement, a master cloud or other access agreement, a master hosting agreement, an application services agreement, a master pricing agreement, a master connectivity or network agreement, a master purchase order, or other master agreement (collectively, the "**Master Agreements**") and provide certain opportunities for Franchisee to purchase, lease, license or obtain the use of approved equipment and software from preferred suppliers (the "**Preferred Vendor**") or to engage providers of services (the "**Preferred Supplier**") or to license software pursuant to the terms of the Master Agreements. ESA may require Franchisee to execute a separate agreement with the Preferred Vendor and/or Preferred Supplier, or a Joinder, Participation Agreement or Statement of Work with respect to these Master Agreements, which may include those in **Exhibit A** attached hereto. In such event, Franchisee will have direct privity of contract with such vendor and shall be bound by the terms thereof as they apply to Franchisee thereunder and Franchisee shall be solely and directly responsible for compliance thereof and shall indemnify, defend and hold the ESA Entities harmless from all Claims relating thereto. Franchisee agrees that it shall not do any act, deed or omission which may result in a breach of terms or conditions provided, directly or indirectly, by an ESA Entity and shall provide each ESA Entity with such cooperation relating to such ESA Entity's performance of its obligations under this Agreement as such ESA Entity may request from time to time, including without limitation remote and onsite access and all information, data, reports and other materials required by the ESA Entity. Franchisee agrees to comply with ESA Entities' regulations, rules and policies relating hereto as each may determine from time to time.

THE ESA ENTITIES DO NOT MAKE ANY REPRESENTATION OR WARRANTIES IN REGARD TO THE PREFERRED VENDORS OR PREFERRED SUPPLIERS, THEIR AGREEMENTS, PRODUCTS AND/OR SERVICES AND SHALL HAVE NO LIABILITY WHATSOEVER FOR THE TERMS AND CONDITIONS THEREOF, PERFORMANCE OF ANY OBLIGATIONS OF OTHER AGREEMENTS THEREUNDER, ANY EQUIPMENT PURCHASED, LEASED, LICENSED OR INSTALLED, ANY SERVICES PERFORMED, ANY USE OF ANY SOFTWARE, OR ANY SOFTWARE LICENSED OR SUBLICENSED PURSUANT THERETO.

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1.2 Project Management Services. Franchisee hereby engages ESA to act as a project manager for the installation of the required property management system and payment terminals by Preferred Vendors. Franchisee will be required to execute an agreement with ESA similar to the Project Management SOW in **Exhibit B** attached hereto.

1.3 Fees & Costs. Franchisee agrees to pay upon receipt of invoices all costs, fees, expenses, payments, charges and reimbursements of ESA, its parents, their affiliates, subsidiaries, contractors and subcontractors (collectively, "**ESA Entities**") incurred hereunder. ESA in its sole discretion may require an upfront deposit of all or part of such total estimated amounts, with any balances due upon invoicing. Amounts due to third parties, including without limitation Preferred Suppliers and Preferred Vendors are not included in the foregoing amounts and Franchisee agrees to pay all such amounts promptly when due. In addition to other such amounts due, Franchisee is responsible for all transportation, handling, rigging and insurance charges, including without limitation shipping from point of origin to destination. Unless otherwise provided in this Agreement, all fees, costs, charges and any other amounts payable by Franchisee to any ESA Entity under this Agreement shall be exclusive of any and all withholding, sales, use, property, excise, gross receipts, consumption, royalty, VAT and other similar country, federal, state, municipal or local taxes or duties, levies, fees and assessments of whatsoever nature (collectively, "**Taxes**"). Franchisee shall pay all Taxes resulting from this Agreement. If Franchisee is required by any applicable law to make any deduction or withholding on account of Taxes or otherwise from any payment payable to any ESA Entity under this Agreement, Franchisee shall, together with such payment, pay such additional amount as will ensure that any ESA Entity under this Agreement receives a net amount (free from any deduction or withholding in respect of such additional amount itself) free and clear of any such Taxes or other deductions or withholdings and equal to the full amount which ESA Entity under this Agreement would otherwise have received as if no such Taxes or other deductions or withholdings had been required. Where appropriate, any ESA Entity under this Agreement may provide an invoice to Franchisee for Taxes, deductions or withholdings that were deducted or withheld from any payment made to any ESA Entity under this Agreement, which invoice Franchisee must promptly pay. Promptly after payment of Taxes, Franchisee shall forward the following to ESA: **(1)** copies of official receipts or other evidence reasonably satisfactory to ESA showing the full amount of Taxes and/or any other deduction or withholding that has been paid to the relevant tax authority; and **(2)** a statement in English (in a form ESA requires) listing the full amount of Taxes and/or any other deduction or withholding that has been paid in local currency and U.S. Dollars. Where appropriate, Franchisee may provide any ESA Entity under this Agreement with a copy of its tax residency certificate or tax exemption documentation or any other required documentation that permits a reduced withholding tax rate to apply for payments to any such ESA Entity and Franchisee agrees to withhold tax at the applicable reduced withholding tax rate. Franchisee acknowledges that ESA Entities may derive revenues and/or other material consideration on all or a portion of such amounts or for the license, sale, lease or provision of software, hardware, networks, connectivity or services hereunder.

2. TECHNOLOGY SERVICES; SYSTEM.

2.1 The term of this HTA shall be three (3) years from the Effective Date ("**Term**"). Franchisee agrees that this HTA is irrevocable by Franchisee for the Term, that Franchisee's obligations hereunder are absolute and shall continue without abatement, regardless of any disability of Franchisee to use the System or any part thereof because of any reason. During the Term, ESA or its affiliates may provide, in its sole discretion, certain information technology services (the "**Technology Services**") to the Hotel as part of the services being provided to the System. The "**System**" means the elements, including know-how, that ESA designates to distinguish hotels operating under the Extended Stay America Premier Suites® brand that provide to the consuming public a similar, distinctive, hotel service, including without limitation the Website, technology or network services, systems and/or programs, and the Reservation Service as referenced in the Franchise Agreement, each as ESA may modify, amend or supplement from time to time. ESA may make or require enhancements, improvements, updates, and/or modifications to the Technology Services or modify, alter or delete elements of the Technology Services at any time. According to the terms

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and conditions hereof, ESA authorizes the non-exclusive, personal, revocable, non-exclusive, non-transferable right to use the Technology Services in the operation of the Hotel. Franchisee must follow the standards ESA has established for the Technology Services, which may require Franchisee to make enhancements, improvements, updates, and/or modifications to the Technology Services and/or the System. The Technology Services and the System may be used by Franchisee solely on equipment and networks authorized by ESA and solely for Franchisee's own internal Hotel operations. Franchisee shall not permit any use or access by any unauthorized equipment, sites or persons. Franchisee shall maintain the System in confidence and not disclose any of the System to any third party nor permit the System to be used or accessed by anyone other than Franchisee's selected employees who may require access to the System as an authorized part of their Hotel duties. No legal or equitable title to or ownership of any of the System or any proprietary rights therein are transferred to Franchisee hereunder other than the limited license and/or right to use specified herein. Any changes, improvements, additions, and/or modifications to the System and all proprietary rights therein, including without limitation copyrights, patents and trade secret rights, shall be ESA's sole and exclusive property and subject to the terms and conditions of the Agreement.

2.2 Franchisee shall provide information, site and system access and facilities (including, but not limited to, broadband internet access, other telecommunications and office services and supplies) as are reasonably necessary to enable ESA to perform the Technology Services, deliver related equipment and maintain, enhance, improve, update and/or modify the System. Franchisee acknowledges and agrees that Technology Services are dependent on and subject to performance by Franchisee of its obligations associated with this HTA in a timely manner. ESA shall be entitled to rely on, and Franchisee shall be responsible for, all decisions, instructions and approvals of Franchisee project, administrative and other personnel in connection with the Technology Services. Franchisee shall maintain on its staff at all times sufficient personnel that have been trained in and are knowledgeable about the operation of the System and are able to operate the System in a professional, efficient and competent manner. ESA shall have no liability for any damages, costs or expenses of reconstructing any data or information that may be destroyed, impaired or lost.

2.3 If any are required, Franchisee shall be responsible for procuring all consents, licenses, approvals or permissions as may be necessary to enable ESA to perform the Technology Services.

2.4 Any upgrades, modifications, changes, interfaces, or new software or hardware at the Hotel (collectively, "**Changes**") are subject to ESA's consent, in ESA's sole and absolute discretion from time to time and Franchisee shall be responsible and liable for all such Changes, including the costs, expenses, and fees associated with such Changes and any reconfiguration or other charges resulting from such Changes. ESA may revoke any prior consent to any Changes at any time in its sole and absolute discretion and Franchise shall immediately remove any such Changes as well as any Changes that ESA has not approved and does not approve. Charges shall be billed to Franchisee by ESA at its standard rates then in effect or as otherwise agreed in writing by ESA and Franchisee and shall be due and payable by Franchisee upon invoicing.

3. ESA'S IP RIGHTS.

3.1 Subject to Franchisee's performance of its obligations in this HTA, ESA grants to Franchisee a limited, personal, revocable, non-transferable, non-exclusive temporary right to use the Technology Services during the term of the Franchise Agreement to operate a franchised hotel at a specific location.

3.2 All rights, title and interest in the Technology Services, the System, and all other ESA property, as applicable, shall remain in ESA. Nothing in this HTA shall preclude ESA from developing for itself, or for others, materials which are competitive with those produced as a result of the Technology Services provided hereunder, irrespective of their similarity to items which may be delivered to Franchisee pursuant to this HTA.

3.3 Franchisee shall not remove or obscure any copyright, trademark or confidentiality notices

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or marks affixed to any of the Technology Services or the System provided pursuant to this HTA. No ESA Entity shall be liable to Franchisee or any third party in the event Franchisee has removed or attempted to modify or breach any copyright, trademark or confidentiality notices or marks affixed to any of the Software. No ESA Entity shall be liable in connection with any claim of infringement of intellectual property rights, including, but not limited to, copyright, patent, trade secret, trademark, service marks, trade names, trade dress, logos, artist rights, droit moral, privacy, publicity or rights under other intellectual property laws (collectively, "**Intellectual Property Rights**") if Franchisee has modified any of the Software provided pursuant to this Agreement, combined any such Software or related material with or into any other programs, data, devices, components or applications and such infringement would not have occurred without such modification or combination. Further, no ESA Entity shall have any liability hereunder if such liability arose or was incurred in whole or in part because of any access, use, copying, distribution, modification or other exploitation of any of the Software beyond the scope permitted under this Agreement.

3.4 Franchisee acknowledges that the Technology Services and the System are subject to certain Intellectual Property Rights owned or held by ESA Entities and that the information contained therein is proprietary to the ESA Entities. Franchisee agrees not to reproduce, nor duplicate, nor reuse, in whole or in part, any of the System, or the documentation or materials comprising the System in any manner (whether directly, or in creating a new use or otherwise) without the prior written consent of ESA. This prohibition against reproduction also applies to the duplication and/or transmission of any related materials supplied by ESA.

3.5 If Franchisee receives notice of a claimed copyright infringement or any other Intellectual Property Right infringement, Franchisee shall promptly submit a notification (in accordance with Title, 17, United States Code, Section 512(c)(3)) to the following Designated Agent (or any other individual hereinafter designated by ESA):

Service Provider(s): ESA Management, LLC

Name of Agent Designated to Receive Notification of Claimed Infringement: General Counsel

Full Address of Designated Agent to Which Notification Should be Sent: 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277

Telephone Number of Designated Agent: 980-345-1600

Email Address of Designated Agent: legal@extendedstay.com

If Franchisee has not received a notice of an Intellectual Property Right infringement but believes that Franchisee's data or other files accessed, used, saved, stored or backed-up on the Information System infringes any Intellectual Property Rights, Franchisee shall promptly notify the Designated Agent listed above.

4. CONFIDENTIAL INFORMATION.

4.1 Franchisee shall maintain the confidential nature of the information contained in the Technology Services and the System, which are provided for its use at the Hotel as further provided in this HTA. Franchisee agrees not to provide or otherwise make available such information or the System to any person or entity other than Franchisee's selected employees at the Hotel without prior written consent of ESA. Franchisee further agrees to protect the System or any of the software or information contained

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therein from unauthorized use or disclosure by its agents, employees, or other third parties.

4.2 Franchisee hereby represents and warrants that it will not share with nor enter into any agreement or understanding with any competitors of ESA including any other ESA brand hotel (other than any such hotel owned by the same owner) to share or exchange information concerning prices, bids, or terms or conditions of sale.

4.3 Franchisee further agrees that it shall maintain the confidential nature of such information, the System, and related materials, together with all of the information ESA Entities may obtain from Franchisee or about Franchisee or about the Hotel or its guests under this Agreement, or under any agreement ancillary to this Agreement, or otherwise related to this Agreement and agrees that such information is ESA's proprietary and confidential information. All revenues related thereto will be ESA's property. During the Term hereof and for a period of two years following any expiration or termination of this HTA, ESA or its agent may enter upon the premises of the Hotel and/or access Hotel systems at any time to audit and review Franchisee's use of the System for compliance with this HTA and security practices. Any fees or amounts determined to be due, or any remedial action to be undertaken, as a result of Franchisee's audited use of the Software or security practices not in compliance with this HTA shall be the sole responsibility of Franchisee. Nothing in this section shall be deemed to limit ESA's rights to perform traffic and other monitoring of the System.

4.4 All information ESA Entities obtain from Franchisee or about the Hotel or its guests or prospective guests is ESA's confidential and/or proprietary information which ESA Entities may use for any reason including making a financial performance representation. Franchisee may use information that it acquires from third parties in operating the Hotel, such as Personal Information, at any time during or after the Term to the extent lawful and at Franchisee's sole risk and responsibility, but only in connection with operating the Hotel.

4.5 Franchisee will: **(i)** comply with all applicable Privacy Laws; **(ii)** comply with all ESA brand standards that relate to Privacy Laws and the privacy and security of Personal Information; **(iii)** refrain from any action or inaction that could cause any ESA Entity to breach any Privacy Laws; **(iv)** do and execute, or arrange to be done and executed, each act, document and thing any ESA Entity deems necessary in its business judgment to keep ESA Entity in compliance with the Privacy Laws; and **(v)** immediately report to ESA the theft or loss of Personal Information. Franchisee shall notify ESA in writing immediately if Franchisee (or its software partners, business partners, agents, or third party service providers) discovers, is notified of, or reasonably suspects a security incident involving any Personal Information or other customer or guest data, that leads to the accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Personal Information or other customer or guest data ("**Security Incident**"). Notwithstanding anything to the contrary in this HTA, to the extent that a Security Incident arises from or is related to Franchisee's or its software partners, business partners, agents, or third party service providers' processing of Personal Information or other customer or guest data or use of or access to ESA's systems in breach of this section, Franchisee shall be responsible for the costs of remediating and mitigating the Security Incident, and shall in good faith coordinate with ESA on the timing, content and manner of any remediation steps, and shall provide ESA the opportunity to review and comment on the content of any notices to authorities or customers or guests. Notwithstanding anything to the contrary in this HTA, Franchisee shall indemnify, defend, and hold Indemnified Parties harmless from and against any Claims related to a violation of this Section.

4.6 For purposes of this Section 4, the capitalized terms used above will have the following meanings. "**Personal Information**" means any information that (i) can be used (alone or when used in combination with other information within Franchisee's control) to identify, locate or contact an individual, or (ii) pertains in any way to an identified or identifiable individual. By way of illustration, and not of

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limitation, Personal Information consists of obvious data elements, such as name, address and email address as well as less obvious information such as credit card number, personal preferences, hotel stay-related information and guest account information. Personal Information can be in any media or format, including computerized or electronic records as well as paper-based files. As an example, Personal Information may pertain to guests and other consumers, employees and other workers, business partners' employees, or visitors. "**Privacy Laws**" means any international, national, federal, provincial, state, or local law, code or regulation that regulates the Processing of Personal Information in any way, including national data protection laws (whether or not derived from the EU Data Protection Directive 95/46/EC and the Privacy and Electronic Communications Directive 2002/58/EC), laws regulating marketing communications and/or electronic communications, information security regulations and security breach notification rules. For purposes of this Agreement, "**Privacy Laws**" includes required industry codes, such as the Payment Card Industry Data Security Standard (PCI DSS). "**Processing**" means to perform any operation or set of operations upon Personal Information, whether or not by automatic means, such as to collect, receive, record, install, download, organize, store, retain, adapt, alter, align, copy, combine, retrieve, access, print, read, open, consult, use, make available, convey, distribute, disclose, transmit, share, block, dispose of, erase or destroy, such Personal Information. "**Standards**" means all standards, specifications, requirements, criteria, and policies that have been and are in the future developed and compiled by any ESA Entity for use in connection with the design, construction, renovation, refurbishment, appearance, equipping, furnishing, supplying, opening, operating, maintaining, marketing, services, service levels, quality, and quality assurance of ESA hotels, including the Hotel.

4.7 ELECTRONIC COMMUNICATIONS PRIVACY ACT NOTICE (18 U.S.C. §§ 2701–2711) AND SIMILAR LAWS: ESA MAKES NO GUARANTY OF CONFIDENTIALITY OR PRIVACY OF ANY DATA OR OTHER FILES TRANSMITTED ON OR THROUGH THE SYSTEM. ESA WILL NOT BE LIABLE FOR THE PRIVACY OF ANY DATA OR OTHER FILES TRANSMITTED ON OR THROUGH THE SYSTEM.

4.8 ESA MAY INFORM GOVERNMENTAL AUTHORITIES OR INTERESTED THIRD PARTIES IF ESA SUSPECTS, BELIEVES OR RECEIVES NOTICE THAT FRANCHISEE'S DATA OR OTHER FILES CONTAIN LEGALLY PROHIBITED INFORMATION OR ARE BEING USED FOR ILLEGAL PURPOSES. FRANCHISEE ACKNOWLEDGES THAT ESA OR THE THIRD PARTY PROVIDER MAY MONITOR AND REVIEW STORED DATA AND OTHER FILES WITHOUT RESTRICTION AND FRANCHISEE HEREBY ACKNOWLEDGES AND CONSENTS TO SUCH MONITORING. FRANCHISEE ALSO ACKNOWLEDGES THAT ESA OR THE THIRD PARTY PROVIDER MAY NEED TO RELEASE FRANCHISEE'S DATA OR OTHER FILES WHEN ESA OR THE THIRD PARTY PROVIDER BELIEVES IT MUST DO SO IN ORDER TO COMPLY WITH A LAW, SUBPOENA, WARRANT, ORDER OR REGULATION ARISING FROM LITIGANTS, LAW ENFORCEMENT, COURTS AND OTHER GOVERNMENTAL AGENCIES. NEITHER ESA NOR THE THIRD PARTY PROVIDER SHALL BE RESPONSIBLE OR LIABLE TO FRANCHISEE FOR ANY SUCH ACTIONS TAKEN BY ESA OR THE THIRD PARTY PROVIDER.

5. DISCLAIMER OF WARRANTIES.

5.1 ESA DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTIES TO FRANCHISEE WHATSOEVER WITH RESPECT TO THE MASTER AGREEMENTS, HTA, PROJECT MANAGEMENT SERVICE, THE SYSTEM, OR TECHNOLOGY SERVICES. THE ESA ENTITIES EXPRESSLY DISCLAIM ALL WARRANTIES CONCERNING THE MASTER AGREEMENTS, HTA, PROJECT MANAGEMENT SERVICES, THE SYSTEM, AND TECHNOLOGY SERVICES AND ANY WORK, INCLUDING WITHOUT LIMITATION, ALL WARRANTIES, WHETHER EXPRESS, STATUTORY OR IMPLIED, INCLUDING ANY IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, TITLE, NON-INFRINGEMENT, DESIGN, ACCURACY, CAPABILITY, SUFFICIENCY, SUITABILITY, CAPACITY, COMPLETENESS,

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AVAILABILITY, COMPATIBILITY, OR ARISING FROM COURSE OF DEALING OR COURSE OF PERFORMANCE.

5.2 ESA DOES NOT WARRANT THAT THE SYSTEM OR THE TECHNOLOGY SERVICES PROVIDED HEREUNDER WILL BE CONTINUOUSLY AVAILABLE, UNINTERRUPTED OR ERROR FREE, THAT DEFECTS WILL BE FIXED, THAT THE INFORMATION SYSTEM WILL BE FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WILL BE ACCURATE OR COMPLETE. ESA DOES NOT WARRANT OR MAKE ANY REPRESENTATIONS REGARDING THE USE OF, OR THE RESULTS OF, THE INFORMATION SYSTEM IN TERMS OF ITS CORRECTNESS, ACCURACY, RELIABILITY, OR OTHERWISE.

5.3 FRANCHISEE MAY NOT ATTACH OR USE EQUIPMENT AND/OR INTERFACES WHICH HAVE NOT BEEN CERTIFIED BY ESA AS MEETING ESA'S SPECIFICATIONS NOR INSTALL SOFTWARE ON ANY EQUIPMENT ATTACHED TO THE SYSTEM. ESA SHALL HAVE NO OBLIGATIONS OF ANY KIND RELATED TO ANY ERRORS, DEFECTS OR PROBLEMS CAUSED IN WHOLE OR IN PART BY (i) ANY MODIFICATIONS OR ENHANCEMENTS MADE TO ANY OF THE SOFTWARE BY FRANCHISEE OR ANY OTHER PERSON OR ENTITY; (ii) ANY SOFTWARE PROGRAM, EQUIPMENT, FIRMWARE, PERIPHERAL OR COMMUNICATION DEVICE USED IN CONNECTION WITH THE EQUIPMENT OR THE SOFTWARE WHICH WAS NOT APPROVED IN ADVANCE IN WRITING BY ESA; (iii) THE FAILURE OF FRANCHISEE TO FOLLOW THE MOST CURRENT INSTRUCTIONS PROMULGATED BY ESA OR ANY THIRD PARTY VENDOR FROM TIME TO TIME WITH RESPECT TO THE PROPER USE OF THE SYSTEM; (iv) ANY DEFECT OR FAILURE TO OPERATE IN ACCORDANCE WITH MANUFACTURER'S, DISTRIBUTOR'S OR PUBLISHER'S SPECIFICATIONS THEREFORE OF ANY EQUIPMENT OR SOFTWARE; (v) THE FAILURE OF FRANCHISEE TO SCHEDULE REGULAR PREVENTIVE MAINTENANCE IN ACCORDANCE WITH AN ESA ENTITY'S PROCEDURES; (vi) FORCES OR SUPPLIES EXTERNAL TO THE EQUIPMENT, INCLUDING WITHOUT LIMITATION THOSE REASONS SET FORTH IN THE *FORCE MAJEURE* SECTION BELOW; (vii) THE NEGLIGENCE OF FRANCHISEE OR ANY OTHER PERSON OR ENTITY. ANY FIXES PERFORMED BY ESA FOR ANY SUCH ERRORS, DEFECTS OR PROBLEMS SHALL BE FIXED, IN ESA'S SOLE DISCRETION, AT ESA'S THEN CURRENT TIME AND MATERIAL CHARGES. ESA EXPRESSLY RESERVES THE RIGHT TO FIX ANY ERRORS, DEFECTS OR PROBLEMS. ESA SHALL BE UNDER NO OBLIGATION, HOWEVER, TO FIX ANY SUCH FRANCHISEE OR EXTERNALLY CAUSED ERRORS, DEFECTS OR PROBLEMS.

6. LIMITATION ON LIABILITY; INDEMNITY.

6.1 The limit of ESA's liability (whether in contract, tort, negligence, strict liability in tort or by statute or otherwise) to Franchisee or to any third party concerning performance or non-performance of the Technology Services, or in any manner related to this HTA, for any and all claims shall not in the aggregate exceed the fees actually paid by Franchisee to ESA hereunder during the six month period immediately preceding the time that the cause of action giving rise to such liability first accrues with respect to the Technology Services involved.

6.2 Any costs incurred, and services provided, by ESA in connection with any attempt to provide an express remedy or indemnity provided for in this HTA shall be deemed amounts paid by ESA for purposes of calculating its aggregate liability.

6.3 THE REMEDIES EXPRESSLY PROVIDED IN THIS AGREEMENT CONSTITUTE FRANCHISEE'S SOLE AND EXCLUSIVE REMEDIES. IN NO EVENT SHALL ANY ESA ENTITY BE LIABLE FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT, WHETHER OR NOT ESA HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE, INCLUDING WITHOUT

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LIMITATION DAMAGES FOR LOSS OF USE, LOST PROFITS OR LOSS OF CORRUPTION, OR DISCLOSURE OF DATA OR INFORMATION OF ANY KIND. FRANCHISEE ACKNOWLEDGES THAT ITS USE OF THE SYSTEM AND TECHNOLOGY SERVICES INCLUDING, BUT NOT LIMITED TO, THE USE, SAVING, STORING OR BACKUP OF FRANCHISEE'S DATA AND OTHER FILES RELATING TO FRANCHISEE'S OPERATION, AND/OR CERTAIN OTHER FRANCHISEE DATA AND FILES AS MAY BE UTILIZED ON THE SYSTEM IS NOT WITHOUT RISK AS TO LIMITATIONS, FAILURE AND/OR INTERRUPTION. FOR INSTANCE, THERE COULD BE A FAILURE OR INTERRUPTION OF FRANCHISEE'S ACCESS TO OR ANY USE OF THE SYSTEM FOR AN INDETERMINATE PERIOD OF TIME DEPENDING UPON THE NATURE AND SEVERITY OF THE EVENT CAUSING THE FAILURE OR INTERRUPTION. ESA IS NOT RESPONSIBLE FOR INCORRECT OR INACCURATE ENTRY INFORMATION, OR DESTROYED, IMPAIRED OR LOST DATA, WHETHER CAUSED BY CUSTOMER OR BY ANY OF THE EQUIPMENT OR PROGRAMMING ASSOCIATED WITH OR UTILIZED IN THE SYSTEM OR BY ANY TECHNICAL OR HUMAN ERROR WHICH MAY OCCUR IN THE PROCESSING OF ANY INFORMATION RELATED TO THE SYSTEM. FRANCHISEE HEREBY ACKNOWLEDGES AND AGREES THAT NEITHER ESA NOR ANY THIRD PARTY PROVIDER SHALL BE RESPONSIBLE OR LIABLE TO FRANCHISEE FOR ANY DELAYS, FAILURES, OR INTERRUPTIONS IN THE ACCESS TO OR ANY USE OF THE SYSTEM DUE TO, BUT NOT LIMITED TO, THE REASONS SET FORTH IN THE *FORCE MAJEURE* SECTION BELOW.

6.4 The allocations of liability in this Section 6 represent the agreed, bargained-for understanding of the parties and ESA's compensation hereunder reflects such allocations. The limitations on liability and types of damages stated in this HTA are intended by the parties to apply regardless of the form of any lawsuit or claim a party may bring under or arising out of this HTA, whether in tort, contract or otherwise, and regardless of whether any limited remedy provided in this HTA fails of its essential purpose.

6.5 Franchisee shall defend, indemnify and hold harmless the ESA Entities, their affiliates, and each of their respective officers, employees and agents against all actions, claims, damages, liability, losses, fines, penalties, judgments, costs, and expenses, including, without limitation, court costs and attorneys' fees (collectively, "**Claims**"), relating to or arising out of **(a)** the HTA, including Franchisee's breach of the HTA, or use of the Technology Services or the System; **(b)** Franchisee's failure to comply with any applicable law or ESA requirement; **(c)** Franchisee's negligence, intentional misconduct, or fraud; or **(d)** damage to property, or for bodily injury (including death) in connection with this HTA.

6.6 To the maximum extent permitted by applicable law, the ESA Entities and their subsidiaries and affiliates and each of their respective former and present owners, and each of such entities' officers, employees, directors, shareholders, alter egos, affiliates, partners, representatives, agents, attorneys, successors and assigns shall have no liability to third parties for any claims, losses or damages of any type whatsoever arising out of or in any way related to the access to or use of the System or provision and receipt of the Technology Services. Franchisee shall be responsible for, and Franchisee agrees to indemnify, the ESA Entities and their parents, subsidiaries and affiliates and hold them harmless from and with respect to, any loss or damage (including without limitation attorneys' fees, costs and expenses) which arise out of Franchisee's business operations, including access to or any use of the System or any of the Technology Services provided under this HTA, including, but not limited to, infringement of any Intellectual Property Rights.

7. TERMINATION.

7.1 ESA may at any time and without cause terminate this HTA by giving ten (10) days written notice of termination to Franchisee. This HTA is coterminous with the Franchise Agreement, and as such, upon the termination of the Franchise Agreement for any reason, this HTA hereby terminates without further action by either party.

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7.2 ESA may terminate this HTA in the event that Franchisee fails to pay any amount invoiced and not subject to good faith dispute when and as due and such failure continues for a period of ten (10) days following notice thereof given to Franchisee. Franchisee shall pay ESA for all Technology Services rendered and expenses incurred by ESA up to the effective date of termination.

7.3 ESA may, at any time and from time to time, in such order and for such periods as ESA may determine, suspend and/or disable all or part of the System and/or Technology Services to Franchisee, including without limitation to protect the System, upon the signing of a new HTA or replacement thereof, if Franchisee fails to maintain and implement System updates as required, or for Franchisee's failure to perform its obligations under this HTA, and such suspension or disablement shall be in addition to any other rights ESA has under this HTA, at equity or law and Franchisee shall not be entitled to any compensation, refund or reduction in charges by reason of such ESA action. In such event, ESA may require Franchisee to pay ESA upon invoicing any prepaid amounts incurred on Franchisee's behalf. Franchisee acknowledges and agrees that postponement of termination and/or the exercise of any suspension or disablement right shall not constitute or result in actual or constructive termination, abandonment or breach of the HTA or a waiver or release of any right to terminate. ESA RESERVES THE RIGHT FOR ANY REASON, INCLUDING, BUT NOT LIMITED TO, FRANCHISEE'S FAILURE TO COMPLY WITH THE SYSTEM'S USE REGULATIONS, RULES AND POLICIES, TO TEMPORARILY BAR ACCESS OF FRANCHISEE TO THE SYSTEM AND/OR TO TEMPORARILY OR PERMANENTLY REMOVE ANY OR ALL DATA OR OTHER FILES. IF ESA OR ANY THIRD PARTY PROVIDER DETERMINES OR RECEIVES NOTICE THAT FRANCHISEE'S NETWORK CONNECTION, SOFTWARE, EQUIPMENT OR FILES MAY INFECT THE SYSTEM WITH A VIRUS, THAT INTERNET ACCESS BY THE FRANCHISEE OR FRANCHISEE'S ACCESS TO OR USE OF THE SYSTEM IS IN VIOLATION OF THE APPLICABLE ACCEPTABLE USE POLICY GOVERNING USE OF THE INTERNET SERVICE PROVIDER'S SERVICES ("AUP"), THE DIGITAL MILLENNIUM COPYRIGHT ACT (THE "DMCA") OR OTHER GOVERNMENTAL LAW OR REGULATION OR THAT FRANCHISEE'S NETWORK CONNECTION, SOFTWARE, EQUIPMENT OR FILES MAY CAUSE HARM TO OR DISRUPT THE SYSTEM. ESA AND THE THIRD PARTY PROVIDER SHALL NOT BE LIABLE FOR ANY INCONVENIENCE OR DISRUPTION TO THE FRANCHISEE CAUSED BY SUCH MEASURES.

7.4 Any and all payment, confidentiality, privacy, security, indemnity intellectual property rights, disclaimers and limitations on liability sections and Franchisee obligations, covenants, acknowledgments, representations, warranties and other agreements, and Sections 8 and 9 shall survive termination, cancellation or expiration of this HTA. Upon any termination of the HTA, Franchisee shall immediately cease all access to and use of the System and shall promptly return any and all copies of System materials and any related documentation, or shall destroy them, as the case may be. Within five (5) business days following such termination, an officer of Franchisee shall certify in writing to ESA that the System and all such materials and documentation are no longer in use, and that all copies have been returned to ESA or destroyed. In the event of a termination before the expiration of any prepaid periods, Franchisee shall pay ESA's then current termination fee. ESA shall have no obligation to provide any services to Franchisee following any termination of the HTA.

8. DISPUTE RESOLUTION.

Any disputes arising under this HTA shall be resolved in accordance with the dispute resolution procedures of the Franchise Agreement, provided that in the event that Franchisee makes improper use of the rights granted herein, the parties agree that ESA and/or its affiliates and subsidiaries would suffer irreparable damage, and ESA shall have the right to obtain an injunction to prevent such misuses and to protect its rights in the System. Such right to injunctive relief shall be cumulative and in addition to any other right or remedy at law to which ESA may be entitled. In the event ESA shall employ legal counsel to enforce its rights hereunder, ESA shall be entitled, in addition to any other damages, to recover reasonable attorneys' fees and costs.

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9. MISCELLANEOUS.

9.1 If any term or provision of this HTA or any application thereof shall be found to be invalid, illegal or otherwise unenforceable, the same shall not affect the other terms or provisions hereof, other applications thereof or the whole of this HTA, but such term or provision shall be deemed modified to the extent necessary to render such term or provision enforceable, and the rights and obligations of the parties shall be construed and enforced accordingly, preserving to the fullest permissible extent the intent and agreements of the parties herein set forth. Without limiting the foregoing, it is expressly understood and agreed that each and every provision of the HTA which provide for a limitation of liability, disclaimer of warranties, or exclusion or limitation of damages or other remedies is intended by the parties to be severable and independent of any other provision and to be enforced as such. In addition, no provision of the HTA shall be interpreted or construed against the party responsible for the drafting or preparation of the HTA. Instead, such provision shall be interpreted or construed as if both the Franchisee and ESA jointly prepared the HTA. Further, it is expressly understood and agreed that if any remedy hereunder is determined to have failed of its essential purpose, all limitations of liability and exclusions of damages or other remedies set forth herein shall remain in effect. The parties may execute this HTA in counterparts, each of which shall constitute one and the same instrument. By entering into this HTA, Franchisee expressly consents to transact business with ESA electronically and that, consistent with the Uniform Electronic Transactions Act, and all other applicable state and federal laws, this HTA may be executed by electronic signatures. The parties to this HTA agree that the parties' electronic signatures are intended to authenticate this writing and to have the same force and effect as the use of manual signatures and an electronically signed version of this HTA shall constitute an original for all purposes. Facsimile, portable document format (pdf) or other electronic copies of the HTA, which include the electronic representation of original signatures thereon, are valid, binding and enforceable and shall have the same legal effect for all purposes as signed hard copy originals.

9.2 In connection with this HTA each party is an independent contractor and as such does not have any authority to bind or commit the other. Nothing herein shall be deemed or construed to create a joint venture, partnership or agency relationship between the parties for any purpose.

9.3 Any notice or other communication given pursuant to this HTA shall be in writing and shall be effective when delivered personally or via overnight carrier with proof of delivery to the party for whom intended, or five (5) days following deposit of the same into the United States mail (certified mail, return receipt requested, first class postage prepaid), in either case addressed to such party at the address set forth on the signature page of this HTA. Either party may designate a different address by notice to the other given in accordance herewith.

9.4 No ESA Entity shall be liable for any delays or failures in performance resulting from any acts of God, fire, flood, lightning strikes, tornadoes, earthquakes or other disasters, riots, civil commotion, terrorism, acts of war, acts of government(s), labor disputes, strikes, lockouts, epidemics, network failure, equipment failures, fluctuations or non-availability of electrical power or telecommunications equipment or any other occurrence beyond their control.

9.5 ESA shall not be liable for any delay or failure in performance due to or arising in connection with **(i)** any instructions of Franchisee or any information provided by Franchisee or its agents to ESA or Vendors; **(ii)** any act or omission of Franchisee or any third party supplier of Franchisee; **(iii)** any breach by Franchisee of any of its obligations hereunder; or **(iv)** the inaccuracy or non-occurrence of any assumption agreed to by the parties.

9.6 Section headings are for convenience and are not a part hereof. No action, regardless of form, arising out of the transactions under the HTA, other than an action for nonpayment or for billing errors may be brought by Franchisee more than one (1) year after the cause of action has occurred.

9.7 This HTA shall be governed by and construed in accordance with the internal substantive

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laws of the State of North Carolina, without regard to any conflict of law principles. Franchisee waives, and agrees never to assert, move or otherwise claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including asserting any claim under the judicial doctrine of *forum non conveniens*). The United Nations Convention on Contracts for the International Sale of Goods shall not apply to any of the transactions contemplated hereby. Franchisee consents to non-exclusive jurisdiction of the state and federal courts in Charlotte, North Carolina for the purpose of any Disputes that are not required to be subject to arbitration under Section 12.2 of the Franchise Agreement. TO THE EXTENT EITHER PARTY INITIATES LEGAL ACTION INVOLVING THIS AGREEMENT OR ANY ASPECT OF THE RELATIONSHIP BETWEEN THEM (EVEN IF OTHER PARTIES OR OTHER CLAIMS ARE INCLUDED IN SUCH LEGAL ACTION), ALL THE PARTIES WAIVE THEIR RIGHT TO A TRIAL BY JURY. THIS WAIVER WILL APPLY TO ALL CAUSES OF ACTION THAT ARE OR MIGHT BE INCLUDED IN SUCH ACTION, INCLUDING CLAIMS RELATED TO THE ENFORCEMENT OR INTERPRETATION OF THIS AGREEMENT, ALLEGATIONS OF NATIONAL, TRANSNATIONAL, PROVINCIAL, REGIONAL, LOCAL, STATE OR FEDERAL STATUTORY VIOLATIONS, FRAUD, MISREPRESENTATION, OR SIMILAR CAUSES OF ACTION, AND IN CONNECTION WITH ANY LEGAL ACTION INITIATED FOR THE RECOVERY OF DAMAGES BETWEEN OR AMONG ESA AND FRANCHISEE OR BETWEEN OR AMONG ANY OF THEIR OWNERS, AFFILIATES, OFFICERS, EMPLOYEES OR AGENTS.

9.8 This HTA may not be assigned by Franchisee without the prior written approval of ESA, which may be withheld in the sole and absolute discretion of ESA. Any attempted assignment, delegation, or transfer of rights or obligations in violation of this Section 9.8 is null and void *ab initio*. Franchisee understands and acknowledges that ESA anticipates that it may arrange for one or more third parties to provide certain services. Franchisee further expressly agrees that ESA may assign or transfer the HTA and/or any of its rights and duties hereunder to any parent, subsidiary or affiliated entity or any entity which acquires all or substantially all of ESA' operating assets, or into which ESA is merged or reorganized pursuant to any plan of merger or reorganization. This HTA shall be binding upon and inure to the benefit of each party's permitted assigns.

9.9 This HTA and the attachments hereto constitute the entire understanding and agreement between the parties with respect to the subject matter hereof and shall supersede any prior understandings and agreements, whether written or oral, between the parties with respect to that subject matter. In the event of conflict between the terms hereof and the terms of any Franchise Agreement, brand standard or any other agreement or understanding, the terms of this HTA shall govern resolution of any such conflict. All references in the Franchise Agreement to websites shall also cover the System and include all other electronic media, such as mobile sites, mobile applications, widgets, electronic connections and more. No other agreements, covenants, representations or warranties, express or implied, oral or written, have been made by either party to the other with respect to the subject matter hereunder. There being no expectations to the contrary between the parties hereto, no usage of trade or other regular practice or method of dealing between the parties hereto shall be used to modify, interpret, supplement or alter in any manner any express terms of the HTA or the exhibits attached hereto. Without limiting the generality of the foregoing, the HTA supersedes and terminates any prior or existing agreements between Franchisee and any ESA Entity related to the Technology Services and the System, including without limitation any Master Technology Agreements. Nothing in this Section disclaims any representation made in the Franchise Disclosure Document provided to the Franchisee. The Franchisee and the person signing the HTA on behalf of the Franchisee have the full legal power, authority and legal right to enter into, perform and observe the HTA. This Agreement constitutes a legal, valid and binding obligation of Franchisee.

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

ESA STRATEGIES FRANCHISE LLC	**[FRANCHISEE]**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____
Date:	Date:
_____	_____
Address: 13024 Ballantyne Corporate Place Suite 1000 Charlotte, NC 28277 Attn: General Counsel	Address: _____ _____

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EXHIBIT A

TO HOTEL TECHNOLOGY AGREEMENT

Participation Agreements & SOWs

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MICROSOFT PARTICIPATION AGREEMENT

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PARTICIPATION AGREEMENT

This Participation Agreement is entered into by the party signing below ("you") for the benefit of the Microsoft affiliate ("Microsoft") and shall be enforceable against you by Microsoft in accordance with its terms. You acknowledge that Microsoft and ESA Management, LLC ("customer") have entered into Microsoft Enterprise Enrollment, No. 82436800 (the "agreement"), under which you desire to sublicense certain Microsoft Products. Terms used in this agreement but not otherwise defined will have the definition provided in the agreement. As used in this Participation Agreement, the term to "run" a Product means to copy, install, use, access, display, run or otherwise interact with it. You acknowledge that your right to run any version of any Product sublicensed under the agreement is governed by the applicable use rights for the Product and version licensed as of the date you first run that copy. The use rights for Software are published by Microsoft in the Product Terms, and the use rights for Online Services are published in the Online Services Terms (collectively, the "Use Rights"). Such Use Rights will be made available to you by the customer, or may be found at http://www.microsoft.com/licensing/contracts. Microsoft does not transfer any ownership rights in any licensed Product and it reserves all rights not expressly granted.

Acknowledgment and Agreement. You hereby acknowledge that you have obtained a copy of the Use Rights located at http://www.microsoft.com/licensing/contracts applicable to the Products acquired under the above-referenced agreement; you have read and understood the terms and conditions as they relate to your obligations; and you agree to be bound by such terms and conditions, as well as to the following provisions:

a. **Restrictions on use.** You may not:

   (i) Separate the components of a Product made up of multiple components by running them on different computers, by upgrading or downgrading them at different times, or by transferring them separately, except as otherwise provided in the Use Rights;

   (ii) Rent, lease, lend or host Products, except where Microsoft agrees by separate agreement;

   (iii) Reverse engineer, de-compile or disassemble Products or fixes, except to the extent expressly permitted by applicable law despite this limitation;

   Products, Fixes and Service Deliverables licensed under this agreement (including any license or services agreement incorporating these terms) are subject to U.S. export jurisdiction. You must comply with all domestic and international export laws and regulations that apply to the Products, Fixes and Service Deliverables. Such laws include restrictions on destinations, end-user, and end-use for additional information, see http://www.microsoft.com/exporting/.

b. **Limited Product warranty.**

   (i) **Microsoft Warrants that**:

      1) Online Services will perform in accordance with the applicable Service Level Agreement; and

      2) Products other than Online Services will perform substantially as described in the applicable Microsoft user documentation.

   (ii) **Limited warranty term.** The limited warranty for:

      1) Online Services is for the duration of your use of the Online Service, subject to the notice requirements in the applicable Service Level Agreement; and

      2) Products other than Online Services is one year from the date customer first obtained rights to the Product.

   (iii) **Limited warranty exclusions.** This limited warranty is subject to the following limitations:

1) the limited warranty does not cover problems caused by accident, abuse or use in a manner inconsistent with this agreement or the Use Rights, or resulting from events beyond Microsoft's reasonable control;

2) the limited warranty does not apply to components of Products that you are permitted to redistribute;

3) the limited warranty does not apply to free, trial, pre-release, or beta products; and

4) the limited warranty does not apply to problems caused by the failure to meet minimum system requirements.

(iv) **Remedies for breach of limited warranty.** If Microsoft fails to meet any of the above limited warranties and you notify Microsoft within the warranty term, then Microsoft will:

1) for Online Services, provide the remedies identified in the Service Level Agreement for the affected Online Service;

2) for Products other than Online Services, at its option, either (a) return to customer the price paid by customer, or (b) repair or replace the Product.

These are your only remedies for breach of the limited warranty other than remedies required to be provided under applicable law.

C. **NO OTHER WARRANTIES.** TO THE EXTENT PERMITTED BY APPLICABLE LAW, MICROSOFT DISCLAIMS AND EXCLUDES ALL REPRESENTATIONS, WARRANTIES AND CONDITIONS, WHETHER EXPRESS, IMPLIED OR STATUTORY, OTHER THAN THOSE IDENTIFIED EXPRESSLY IN THIS AGREEMENT, INCLUDING BUT NOT LIMITED TO WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, SATISFACTORY QUALITY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, WITH RESPECT TO THE PRODUCTS AND RELATED MATERIALS. MICROSOFT WILL NOT BE LIABLE FOR ANY PRODUCTS PROVIDED BY THIRD PARTY VENDORS, DEVELOPERS OR CONSULTANTS IDENTIFIED OR REFERRED TO YOU BY MICROSOFT UNLESS SUCH THIRD PARTY PRODUCTS ARE PROVIDED UNDER WRITTEN AGREEMENT BETWEEN YOU AND MICROSOFT, AND THEN ONLY TO THE EXTENT EXPRESSLY PROVIDED IN SUCH AGREEMENT. ANY WARRANTIES, GUARANTEES, OR CONDITIONS THAT CANNOT BE DISCLAIMED AS A MATTER OF LAW LAST FOR ONE YEAR FROM THE START OF THE LIMITED WARRANTY.

d. **Limitation of liability.** There may be situations in which you have a right to claim damages or payment from Microsoft. Except as otherwise specifically provided in this paragraph, whatever the legal basis for your claim, Microsoft's liability will be limited, to the maximum extent permitted by applicable law, to direct damages up to the following amounts: (1) for each Product other than Online Services, the amount customer paid for the Product under the agreement, and (3) for Online Services, the amount customer paid for the Online Service during the 12 months before the cause of action arose; provided that in no event will a party's aggregate liability for any Online Service exceed the amount customer paid for that Online Service, as used by you under this agreement. In the case of Microsoft's responsibilities with respect to third party patent or copyright infringement claims, Microsoft's obligation to defend such claims will not be subject to the preceding limitation, but Microsoft's liability to pay damages awarded in any final adjudication (or settlement to which it consents) will be. In the case of free Product, or code you are authorized to redistribute to third parties without separate payment to Microsoft, Microsoft's total liability to you will not exceed US$5000, or its equivalent in local currency.

E. **NO LIABILITY FOR CERTAIN DAMAGES.** TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER YOU, YOUR AFFILIATES OR SUPPLIERS, NOR MICROSOFT, ITS AFFILIATES OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT DAMAGES (INCLUDING, WITHOUT LIMITATION, CONSEQUENTIAL, SPECIAL OR INCIDENTAL DAMAGES, DAMAGES FOR LOSS OF PROFITS OR REVENUES, BUSINESS INTERRUPTION, OR LOSS OF BUSINESS INFORMATION) ARISING IN CONNECTION WITH ANY AGREEMENT, PRODUCT, OR FIX, EVEN IF ADVISED OF

THE POSSIBILITY OF SUCH DAMAGES OR IF SUCH POSSIBILITY WAS REASONABLY FORESEEABLE. THIS EXCLUSION OF LIABILITY DOES NOT APPLY TO EITHER PARTY'S LIABILITY TO THE OTHER FOR VIOLATION OF THE OTHER PARTY'S INTELLECTUAL PROPERTY RIGHTS.

f. **Your agreement to protect.** You must defend Microsoft against any claims made by an unaffiliated third party that:

(i) any Customer Data or non-Microsoft software Microsoft hosts on your behalf infringes the third party's patent, copyright, or trademark or makes unlawful use of its Trade Secret; or

(ii) arise from a violation of the terms of the Acceptable Use Policy, which is described in the Use Rights.

You must pay the amount of any resulting adverse final judgment (or settlement to which you consents).

Microsoft will notify you promptly in writing of a claim subject to this section. Microsoft will (1) give you sole control over the defense or settlement of such claim; and (2) provide reasonable assistance in defending the claim. You must reimburse Microsoft for reasonable out-of-pocket expenses that Microsoft incurs in providing assistance.

g. **Application.** The limitations on and exclusions of liability for damages set forth herein apply regardless of whether the liability is based on breach of contract, tort (including negligence), strict liability, breach of warranties, or any other legal theory.

h. **Verifying compliance.** You must keep records relating to the Products you use or run. Microsoft has the right to verify compliance with these terms and any applicable Use Rights, at its expense. To do so, Microsoft will engage an independent auditor, which will be subject to a confidentiality obligation. Verification will take place upon not fewer than 15 days notice, during normal business hours and in a manner that does not interfere unreasonably with your operations. You must promptly provide the independent auditor with any information it reasonably requests in furtherance of the verification, including access to systems running the Products. As an alternative, Microsoft may require you to accurately complete its self-audit questionnaire relating to the Products you use. If verification or self-audit reveals unlicensed use or distribution of Products, you must promptly order sufficient licenses to permit all Product usage disclosed. If unlicensed use is 5% or more, you must reimburse Microsoft for the costs it has incurred in verification and acquire the necessary additional licenses at 125% of the then current price list and your price level within 30 days. The unlicensed use percentage is based on the total number of licenses purchased compared to actual install base. If Microsoft undertakes such verification and does not find material unlicensed use of Products, it will not undertake another such verification for at least one year. Microsoft and its auditors will use the information obtained in compliance verification only to enforce its rights and to determine whether you are in compliance with these terms and the Use Rights. By invoking the rights and procedures described above, Microsoft does not waive its rights to enforce these terms or the Use Rights, or to protect its intellectual property by any other means permitted by law.

i. **Dispute Resolution; Applicable Law.** This Participation Agreement will be governed and construed in accordance with the laws of the jurisdiction whose law governs the agreement. You consent to the exclusive jurisdiction and venue of the state and federal courts located in such jurisdiction. This choice of jurisdiction does not prevent either party from seeking injunctive relief with respect to a violation of intellectual property rights in any appropriate jurisdiction. The 1980 United Nations Convention on Contracts for the International Sale of Goods and its related instruments will not apply to this agreement or any license entered into with Microsoft or its affiliates under this agreement.

Your violation of the above-referenced terms and conditions shall be deemed to be a breach of this Participation Agreement and shall be grounds for immediate termination of all rights granted hereunder. This Participation Agreement will terminate immediately in the event of termination of your contractual affiliation with customer.

Dated as of the _____ day of _____, 202__.

CUSTOMER AFFILIATE:

[FRANCHISEE]

By_____
Name_____
Title_____
Date_____

Microsoft Internal Use Only:

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FORM OF FREEDOMPAY PARTICIPATION AGREEMENT

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FREEDOMPAY PARTICIPATION AGREEMENT

This Participation Agreement (the "Participation Agreement"), is effective as of _____, and is entered into by and between FreedomPay, Inc. ("**FreedomPay**") and _____ ("**Franchisee**") for franchise site #_____ located at _____ and is hereby incorporated into and made of that certain FreedomPay Secure Switching Product Agreement (the "**Agreement**"), effective as of September 24, 2021, entered into by and between FreedomPay and ESH Strategies Franchise, LLC ("**Franchisor**"). Unless specifically defined otherwise herein, all terms used in this Participation Agreement will have the meanings given them in the Agreement.

By execution of this Participation Agreement, the undersigned hereby agrees as follows:

1. **Participating Property**. Franchisee understands and acknowledges its rights, duties and obligations as a Franchisee under the Agreement.
2. **Franchisor Access to Franchisee Transactions.** Franchisee acknowledges and agrees that FreedomPay may give Franchisor full access to the transactions and data processed on behalf of Franchisee by FreedomPay.
3. **PIM.** Franchisee must acknowledge that it is subject to the PIM by executing **Exhibit A** attached hereto. If Franchisee is claiming scope reduction through the PIM, a failure to comply with the PIM may result in the disallowance of the benefits to Franchisee, described in the PIM. Franchisee is responsible for the components of PCI compliance related to their location and related systems.
4. **PIN Keys and KSNs.** Franchisee shall be responsible for procuring from its acquiring bank any necessary PIN keys and KSNs needed to allow pin-debit payment card transactions. FreedomPay will assist Franchisees and support Franchisees in procuring such information.
5. **Settlements.** For transactions submitted or reported by Franchisee to FreedomPay more than sixty (60) days after the actual date of the transaction, FreedomPay will transmit such transactions if the data is available, but FreedomPay will have no liability to Franchisee if such transactions incur higher fees or the amount of any transaction is not paid to Franchisee for any reason.
6. **Fee Disputes.** Franchisee must dispute in writing the amount of any Fees or amounts actually settled to its accounts as the result of any transaction within sixty (60) days after receipt of FreedomPay's invoice in order to receive any adjustment to such Fees or amounts. Further, all settlement amounts and Fees shall be deemed accepted if not disputed in writing by Franchisee within sixty (60) days after receipt of FreedomPay's invoice. Franchisee's failure to dispute any Fees or amounts settled within such sixty (60) day period shall constitute a full waiver of any Franchisee claim related thereto.
7. Franchisee must update or modify its systems for any new requirements or changes to existing requirements introduced by any governing body, including End of Life notices for any type of technology ("**Required Changes**"). Such governing bodies include, but are not limited to, PCI Council, Franchisee's computer operating system developer, security protocols, IEEE, etc. FreedomPay will email a notice to Franchisee about any such Required Changes and the date on which FreedomPay will discontinue support for the prior requirements ("**Required Change Implementation Date**"). Franchisee must update or modify its systems on or before the Required Change Implementation Date. If Franchisee fails to comply with the above, its ability to process transactions through FreedomPay's System will be severely impacted, as Franchisee's systems will be unable to connect with FreedomPay's System.
8. **Equipment Payment.** Notwithstanding anything to the contrary set forth in the Agreement, Franchisee shall pay 100% of the price of all Equipment ordered at the time that the Order is executed by both Parties.
9. **Representations and Warranties; Covenants and Agreements**. Franchisee acknowledges having read the representations and warranties, and covenants and agreements in the Agreement and hereby represents that such representations and warranties are true and accurate in all material respects and that Franchisee will comply in all material respects with all covenants and agreements included in the Agreement.
10. **Extension and Amendment.** The undersigned acknowledges that Franchisor may extend the Term of the Agreement or otherwise amend the Agreement during the Term, and Franchisor will provide notice to Franchisee of any such extension and/or amendment by posting an extension and/or amendment notice on the Franchisee Extranet portal and/or sending such notice to franchisees generally.

11. **Incorporation by Reference**. Franchisee authorizes this Participation Agreement to be attached and/or otherwise act as the undersigned's agreement to and acceptance of all of the terms and conditions set forth in the Agreement, a copy of which will be delivered to Franchisee by Franchisor and which are incorporated into this Participation Agreement by reference, including without limitation all exhibits and schedules to the Agreement. All references to Client under the Agreement and all rights, obligations, representations, warranties and covenants under the Agreement shall apply and run directly to Franchisee under this Participation Agreement, including without limitation sections regarding Service Levels, Client Responsibilities, Termination, Fees and Payment, Representations and Warranties, Indemnification, Limitations of Liability / Disclaimers of Liability for Certain Actions, Intellectual Property Rights, Confidentiality, PCI Compliance and Data Security.

By executing this Participation Agreement in the space provided below, Franchisee acknowledges that it has received and reviewed a copy of the Agreement and agrees to be legally bound by all terms and conditions of the Agreement.

	AGREED: **Franchisee:** By:_____ Name:_____ Title:_____ Date Signed:_____

ACCEPTED: **FreedomPay, Inc.** By:_____ Name:_____ Title:_____ Date Signed:_____	

EXHIBIT A – PIM ACKNOWLEDGEMENT

ACKNOWLEDGMENT

The undersigned Franchisee (the "**merchant**") hereby acknowledges that it has received, read and understood the FreedomPay P2PE Instruction Manual (PIM) and further acknowledges that continuing compliance with the FreedomPay PIM is a PCI requirement for SAQ P2PE-HW merchant scope reduction qualification. Capitalized terms in this Acknowledgment have the meanings set forth in the PIM.

Merchant acknowledges that: the PIM is provided solely for informational purposes and use as a program implementation guideline for PCI DSS scope reduction; the PIM is based on PCI DSS guidelines in effect as of the date of this manual; nothing in the PIM is or may be construed as a representation or warranty of any nature whatsoever; that Freedom Pay, Inc. disclaims liability for any errors or omissions in the PIM; FreedomPay does not validate or warrant merchant compliance with PCI DSS or merchant eligibility for any validation or other accreditation standards; review or approval by FreedomPay of merchant systems or processes does not constitute a representation or warranty by FreedomPay of merchant system effectiveness or suitability and shall not be deemed to transfer risk or liability to FreedomPay; the use of any POI device other than a FreedomPay supplied POI device is at merchant's sole risk; FreedomPay has no duty to inspect data transmitted by merchant for unencrypted cardholder data introduced by the use of POI devices not supplied by FreedomPay; data processing by FreedomPay does not constitute a warranty that merchant is within the scope of the FreedomPay P2PE Solution; and that FreedomPay makes no warranties, express or implied, including warranties of merchantability or fitness for a particular purpose or otherwise and shall have no liability for any losses or damages arising in connection with the PIM, whether direct, indirect, general, special, incidental or consequential.

ACKNOWLEDGED

Merchant: _____

By: _____

Name: _____

Title: _____

Date: _____

FORM OF CANARY PARTICIPATION AGREEMENT

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HOTEL SUBSCRIPTION AGREEMENT

THIS HOTEL SUBSCRIPTION AGREEMENT (this "**Hotel Subscription Agreement**"), dated as of _____ (the "**Effective Date**"), is by and between _____ ("**Hotel**"), with its principal office and place of business at _____ and Canary Technologies Corp., a Delaware corporation with an address at 450 9th Street, San Francisco CA 94103 ("**Canary**").

1. CANARY SERVICES:

a. The following terms and conditions govern Hotel's use and Canary's provision of the Canary platform for enterprise digital authorizations and contracts that enables Hotel to meet the agreed business purposes and related services (collectively, the "**Materials**") to Hotel as further described herein. Throughout the Term, Canary agrees to provide access to the Materials and certain additional services, each as described with greater particularity below and in one or more service schedule(s) mutually agreed upon by the parties (each, a "**Service Schedule**", collectively the "**Service Schedules**"). The initial Service Schedules are annexed hereto and hereby made a part hereof. The Materials, Website, and professional services provided by Canary hereunder and/or pursuant to the Service Schedules are collectively referred to herein as the "**Service**" or the "**Services**".

b. For the Term of this Hotel Subscription Agreement, Canary hereby grants Hotel a worldwide, nonexclusive, nonsublicensable, and nontransferable right to: **(i)** access and use the Services through the website portal specified by Canary from time to time (the "**Website**") and as specified in the applicable Service Schedule; and **(ii)** permit the participating entities to access and use the Services through the Website and as specified in the applicable Service Schedule. Canary agrees that the authorized owners, managers, employees, consultants, and contractors of Hotel ("**Authorized Users**") may access and use the Services solely for the benefit of Hotel in accordance with the terms and conditions of this Hotel Subscription Agreement. Authorized User accounts cannot be shared or used by more than one Authorized User. Each Authorized User is responsible for maintaining the confidentiality of the logins, passwords, and accounts and for all activities that occur under its Authorized User accounts. Canary is not responsible for any damages or liability caused by the Authorized Users in breach of this Agreement.

c. The Services shall include, without limitation, all services and products distributed by Canary as part of the Services, new versions, updates or successors thereof that Canary makes generally available to its other customers for no additional fees, complete managed implementation completed for Hotel's acceptance including all services necessary to implement each property on the Services, dedicated account manager support, unlimited seats and use, e-mail and telephone support 24/7/365, synchronization that captures every Hotel interaction, assured data accuracy, continuous quality assurance, and all necessary training.

d. The Services available to Hotel include unlimited usage of all features and functionality of the Services that Canary generally provides to its other customers of the Services.

e. Canary will **(i)** make the Services available on a 24x7x365 basis except for planned downtime for Service maintenance as set forth in the agreed service level agreement ("**SLA**") with service credits available as set forth in the SLA; **(ii)** provide Hotel with updates that are made generally available by Canary to its other Service customers; and **(iii)** correct errors and defects in the Services reported by Hotel.

f. Canary shall only use Hotel provided data and content for Canary to provide the Services to Hotel ("**Hotel Content**").

g. Hotel will: **(a)** be responsible for Authorized Users' compliance with this Hotel Subscription Agreement; and **(b)** use commercially reasonable efforts to prevent unauthorized access to or use of the Service, and promptly notify Canary of any such unauthorized access or use. Canary is not responsible for obtaining any permissions and consents required for Canary to use the Hotel Content (as provided or made available to Canary and/or the Service) in connection with its provision of the Service to Hotel, for the accuracy, appropriateness, and legality of Hotel Content as provided or made available to Canary and/or the Service, or for use of the Service by an Authorized User in violation of any laws and government regulations applicable to an Authorized User's use of the Service.

h. Hotel will not, directly or indirectly: **(a)** make the Service available to, or use the Service for the benefit of, anyone other than Hotel, the , and the Authorized Users; **(b)** upload, post, transmit, or otherwise make

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available to the Service any content that **(i)** is unlawful or tortious, or **(ii)** Hotel does not have a right to make available under any applicable law or under contractual or fiduciary relationships, or that infringes, misappropriates, or otherwise violates any intellectual property, privacy, publicity, or other proprietary rights of any person; **(c)** sublicense, resell, time share, or similarly exploit the Service; **(d)** upload, post, transmit, or otherwise make available any content or information designed to interrupt, interfere with, destroy or limit the functionality of any computer software or hardware or telecommunications equipment; **(e)** reverse engineer, modify, adapt, or hack the Service, or otherwise attempt to gain unauthorized access to the Service or its related systems or networks; or (f) access the Service to build a competitive product or service.

i. Subject to the limited rights expressly granted to Hotel hereunder, Canary reserves and retains, and as between Canary and Hotel, Canary exclusively owns, all rights, title, and interest in and to the Service, including all modifications, derivative works, upgrades, and updates thereto, and all related intellectual property rights therein. No rights are granted by Canary hereunder other than as expressly set forth herein. If Hotel or any Authorized User provides Canary any feedback or suggestions regarding the Service, then Canary is hereby granted an unlimited, irrevocable, perpetual, sublicensable, royalty-free license to use any such feedback or suggestions for any purpose without any obligation or compensation to Hotel or any Authorized User. Unless otherwise expressly set forth in an applicable Services Schedule, Canary retains exclusive ownership of all work product created by Canary in connection with its performance of services under this Hotel Subscription Agreement.

2. CANARY FEES: All applicable fees are set forth in, and Hotel will pay such fees in accordance with the payment terms and schedule set forth in, the Service Schedules. Payment obligations are non-cancelable and, except as expressly set forth herein, fees paid are non-refundable except on termination for breach or failure to meet service level commitments. Unless otherwise specified in an agreed Service Schedule, Canary shall invoice Hotel for Canary's Services in advance of each applicable year and Hotel agrees to pay all undisputed invoiced amounts forty-five (45) days following its receipt of Canary's invoice. In the event of a dispute regarding fees payable to Canary, the parties hereto agree to meet and discuss procedures to resolve such dispute in good faith. The fees are excusive of any applicable taxes, including any sales, use, excise, value-added, goods and services, consumption, and other similar taxes or duties. Each party will be responsible for its own tax liability in connection with the Services and this Agreement, provided that the parties will discuss in good faith any new taxes assessed on use of the Services.

3. CANARY SERVICE OBLIGATIONS:

a. Canary shall not at any time represent that it is authorized to make any contracts, agreements or obligations on behalf of Hotel or any of its affiliates, or owners thereof, and Canary shall not take any actions on behalf of Hotel or in Hotel's name. Canary hereby covenants and agrees not to use the name(s) or other intellectual property of Hotel or its parent(s), their affiliates, subsidiaries, hotels or each of their owners, managers, licensees, franchisees or operators, or any variations thereof, in any manner or medium, including in connection with any of Canary's business or operations, except as specifically permitted under this Hotel Subscription Agreement or otherwise by Hotel, without the prior written approval of Hotel and, in the event of such approval, only in the manner and at such times as shall be prescribed in such approval.

b. Hotel is subscribing to Canary's Services in reliance upon Canary's certifications and representations of professional expertise in the field of such Services and ability to provide the required Services independently without substantial direction by Hotel. The manner and means Canary employs to provide professional services under this Hotel Subscription Agreement are matters entirely within its discretion. Canary represents and warrants that its Services will conform to the description of such services in this Hotel Subscription Agreement and the exhibits, attachments, schedules, addenda, amendments and statements of work hereto. Canary further represents and warrants that it obtains information for inclusion in its databases from sources, which it considers reliable and that it segregates, aggregates and otherwise ensures the opacity of all Services at all times to ensure antitrust, competition law and intellectual property rights compliance of the Services.

c. Canary represents and warrants that there are no agreements or arrangements, whether written or oral, that would be breached by Canary upon execution of this Hotel Subscription Agreement or that would impair or prevent Canary from rendering the Services to Hotel during the Term hereof and that it will remain in compliance with all such agreements or arrangements throughout the Term. Canary further represents, warrants, covenants and agrees that it has and will maintain throughout the Term hereof all licenses, permits, certifications, agreements, consents and qualifications required by applicable law, industry standard or Hotel to perform its Services, and that it has not made

and will not make any commitment or do any act in conflict with this Hotel Subscription Agreement. Canary shall comply with all applicable laws, codes, regulations, ordinances and rules with respect to the Services to be furnished hereunder promulgated by any and all national, federal, state, municipal or other legislative bodies, courts or agencies having jurisdiction over the business of Canary, or over services of the nature of the Services provided hereunder.

d. Hotel may, from time to time, establish rules and regulations relating to standards to be met by service providers, including privacy standards and policies and standards as to the conduct of employees or agents of service providers employed in connection with providing services such as the Services to Hotel. In any event, Canary and any and all of its subcontractors, agents, servants, licensees, invitees or employees ("**Canary Parties**") shall conduct themselves at all times while providing Services to Hotel in a manner consistent with the character and reputation of Hotel and in such a way as not to annoy or interfere with any employees, guests, patrons or business of Hotel or bring any discredit upon the names of any of the Indemnitees, as defined below. Canary shall be responsible at all times for the conduct of the Canary Parties. Canary, promptly after demand by Hotel, will cause to be removed from the provision of Services to Hotel any of such persons to whom Hotel shall or may reasonably object and will undertake that any such person so removed shall not thereafter be utilized by Canary in connection with provision of Services to Hotel hereunder.

e. All payments for fees received hereunder by Canary, if any, shall be reported by Canary on its national, federal and state tax returns as consideration for Canary's Services hereunder as an independent contractor. Each party acknowledges and agrees that it is solely responsible and liable for the filing of all tax returns and the payment of all taxes, contributions, and other payments relating to its business. Hotel will not deduct, withhold or pay (unless legally required to do so), and Canary shall be solely responsible for, U.S. FICA, FUTA, Medicare or national, federal, state or local income, employment, or wage taxes, workers' compensation insurance premiums, state disability insurance, unemployment benefit insurance, or any other payments that are ordinarily submitted or withheld by an employer on behalf of an employee (including without limitation any penalties or fines which may be assessed at any time). Hotel shall report payments to Canary hereunder to the IRS as payments to an independent contractor and Canary shall be solely responsible for all reporting and record keeping requirements applicable to independent contractors.

f. Canary acknowledges that Canary is not eligible for and has not received any express or implied assurance with respect to receipt of any bonus, contingent, incentive, deferred or other compensation (except as otherwise set forth herein), and that the parties may agree to reduce fees payable hereunder if mutually agreed upon in a Service Schedule. Unless otherwise specified in a Service Schedule, Canary shall be solely responsible for out-of-pocket expenses incurred in connection with its Services hereunder, including travel expenses, food, and lodging. Canary will be solely responsible and liable for all other costs of conducting and operating its business and providing its Services hereunder, including expenses directly related to services provided to Hotel.

g. EXCEPT FOR THE EXPRESS WARRANTIES PROVIDED IN THIS SECTION 3, CANARY EXPRESSLY DISCLAIMS ANY AND ALL OTHER WARRANTIES, WHETHER EXPRESS OR IMPLIED, INCLUDING THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT.

4. INDEMNIFICATION; LIMITATION ON LIABILITY:

a. Canary hereby agrees to indemnify, defend and hold harmless Hotel and its owners, partners, subsidiaries, affiliates, franchisors, managers, and each of such persons' or entities' officers, directors, agents, contractors, subcontractors, guests, residents, visitors, licensees, invitees, permitees and employees (collectively referred to as the "**Indemnitees**"), and each of them, against and from any and all third party, including any allegations, demands or claims and all resulting liabilities, damages, fines, penalties or costs of whatsoever nature (including reasonable attorney's fees) and whether by reason of death of or injury to any person or loss of or damage to any property or otherwise ("**Claims**") to the extent arising from infringement by the Service (as provided or made available by Canary) of the intellectual property rights of such third party or the violation of applicable rules, laws, regulations and other legal requirements by Canary's provision of the Service.

b. In the event that any Claim is made against a party, the non-indemnifying party, with reasonable promptness must, by written notice to the indemnifying party, allow the indemnifying party, at the indemnifying party's expense, to take over the sole control of the defense of any such Claim and employ counsel for such purpose. The non-indemnifying party shall provide reasonable cooperation and assistance with thereto as requested by the indemnifying party.

c. IN NO EVENT SHALL HOTEL OR CANARY HAVE ANY LIABILITY IN CONNECTION WITH THIS HOTEL SUBSCRIPTION AGREEMENT FOR ANY LOST PROFITS 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 IT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. The exclusions and limitations of liability set forth in this Section shall not apply to a party's willful misconduct or gross negligence, its liability for indemnities, its breach of its confidentiality obligations hereunder, or its violation of the other party's intellectual property rights.

5. TERM AND TERMINATION:

a. Unless sooner terminated in accordance with this Section 5, the term of this Hotel Subscription Agreement (the "**Term**") shall commence on the Effective Date and shall continue in full force and effect for a period of three (3) years (the "**Initial Term**") and thereafter on an annual basis (each, a "**Renewal Term**"), unless either party gives the other party prior written notice of its intent to not renew this Hotel Subscription Agreement by providing at least sixty (60) days' notice prior to the expiration of the then current period of the Term.

b. This Hotel Subscription Agreement shall terminate upon the occurrence of any of the following events:

(1) If a party commits a material breach any of the terms, conditions or covenants hereof and has not remedied such material breach within thirty (30) days after written notice by the non-breaching party to the breaching party of such violation or breach;

(2) a party makes an assignment for the benefit of creditors or files a voluntary petition in bankruptcy or be adjudicated a bankrupt or insolvent or admits in writing its inability to meet its obligations as they mature, or if a permanent receiver of all or any portion of a party's property shall be appointed in any judicial proceeding, or there shall be entered against it an order adjudicating it a bankrupt or insolvent or an order appointing a liquidator, receiver or trustee for it or for all or substantially all of its assets or approving as properly filed against it a petition seeking reorganization, arrangement or other proceeding under any bankruptcy or other law for the relief of debtors, which order shall continue unstayed and in effect for, or which proceeding shall not be terminated and the party released from such proceeding within, thirty (30) days.

(3) If any statute, ordinance, rule or regulation hereafter promulgated by any legislative body or agency having jurisdiction over a party shall prohibit the furnishing of the Services or the transaction of business of the nature to be provided or transacted hereunder and the parties cannot agree to reasonable amendment to this Hotel Subscription Agreement in order to continue providing the Services in compliance with such law, rule or regulation.

(4) In the event that information with respect to Canary or its parent(s), subsidiaries, affiliates, officers, directors or owners will adversely affect the current stature of Hotel or its affiliates with any commission, board, or similar governmental or regulatory agency, then Hotel shall have the right to terminate the Hotel Subscription Agreement upon written notice to Canary.

c. In no event will any termination of this Hotel Subscription Agreement relieve Hotel of its obligation to pay any fees payable to Canary for the period of time prior to the effective date of such termination. Upon any termination of this Hotel Subscription Agreement, Hotel and all Authorized Users must immediately cease all use of the Service. For a period of 45 days following any termination of this Hotel Subscription Agreement, Canary will, upon Hotel's request, provide Hotel with an export of all current Hotel Content in the format agreed by the parties. After such 45-day period, Canary will have no obligation to maintain or provide any Hotel Content and Canary will, unless prohibited by applicable law, delete all Hotel Content in its systems or otherwise in its possession or under its control in accordance with Canary's then-current data retention and deletion policies. Subject to this Section, upon any termination of this Hotel Subscription Agreement and the Disclosing Party's request, the Receiving Party will promptly return, or at the Disclosing Party's option destroy, all Confidential Information of the Disclosing Party in the Receiving Party's possession or under its control.

6. CONFIDENTIALITY: "**Confidential Information**" means all confidential information disclosed by a party ("**Disclosing Party**") to the other party ("**Receiving Party**"), whether orally or in writing, that is designated as confidential or that reasonably should be understood to be confidential given the nature of the information and the circumstances of disclosure, including all copies thereof. Confidential Information of Hotel includes the Hotel Content, Confidential Information of Canary includes the Materials, Canary platforms and Services (including

documentation, software and content, other than Hotel Content) and the work product created from its performance of any Services, and Confidential Information of each party includes the terms of this Hotel Subscription Agreement. However, Confidential Information will not include any information that: **(a)** is or becomes generally available to the public without breach of any obligation owed to the Disclosing Party; **(b)** was known to the Receiving Party prior to its disclosure by the Disclosing Party without breach of any obligation owed to the Disclosing Party; **(c)** is received from a third party without breach of any obligation owed to the Disclosing Party; or **(d)** was independently developed by the Receiving Party without use of or reliance on the Confidential Information of the Disclosing Party. The Receiving Party will: **(a)** use the same degree of care that it uses to protect the confidentiality of its own confidential information of like kind (but in no event less than reasonable care); **(b)** not use any Confidential Information of the Disclosing Party for any purpose outside the scope of this Agreement; and **(c)** except as otherwise authorized by the Disclosing Party in writing, limit access to Confidential Information of the Disclosing Party to those of the Receiving Party's employees, contractors, and agents who need such access for purposes consistent with this Hotel Subscription Agreement and who are subject to confidentiality obligations at least as restrictive as those herein. The Receiving Party will provide prompt written notice to the Disclosing Party of any unauthorized use or disclosure of the Disclosing Party's Confidential Information. Upon request of the Disclosing Party during the Term, the Receiving Party will promptly return, or at the Disclosing Party's option destroy, any or all Confidential Information of the Disclosing Party in the Receiving Party's possession or under its control. The Receiving Party may disclose Confidential Information of the Disclosing Party if it is compelled by law to do so, provided the Receiving Party gives the Disclosing Party prior notice of such compelled disclosure (to the extent legally permitted) and reasonable assistance, at the Disclosing Party's request and expense, if the Disclosing Party wishes to contest the disclosure.

7. GENERAL: Neither party hereto shall be deemed to be the drafter of this Hotel Subscription Agreement and, if this Hotel Subscription Agreement is construed in any court or arbitration proceeding, said court or arbitrator shall not construe this Hotel Subscription Agreement or any provision hereof against either party as the drafter hereof. If any phrase, clause or provisions of this Hotel Subscription Agreement is declared invalid or unenforceable by a court or arbitrator of competent jurisdiction, such phrase, clause or provision shall be deemed severed from this Hotel Subscription Agreement, but will not affect any other provision of this Hotel Subscription Agreement, which shall otherwise remain in full force and effect. If any restriction or limitation in this Hotel Subscription Agreement is deemed to be unreasonable, onerous or unduly restrictive by a court or arbitrator of competent jurisdiction, it shall not be stricken in its entirety and held totally void and unenforceable, but shall remain effective to the maximum extent permissible within reasonable bounds. Sections 1(g)-(i), 2, 3, 4, 5, 5(c), 6, 7 and 8 of this Hotel Subscription Agreement and any other provisions hereof which expressly provide that they survive expiration or termination or which must survive expiration or termination in order to be fully operative shall survive the expiration or termination of this Hotel Subscription Agreement. Neither party may assign or encumber this Hotel Subscription Agreement or any rights hereunder nor delegate or subcontract any performance or other obligations hereunder without the prior written consent of the other party. This Hotel Subscription Agreement is by and between Hotel and Canary and other than the Indemnitees there are no third party beneficiaries to this Hotel Subscription Agreement, including without limitation groups or meeting planners. Subject to the foregoing, this Hotel Subscription Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. All notices to be given hereunder shall be in writing and shall be deemed to be given when mailed by certified or registered mail, to the addresses of Hotel and Canary specified in this Hotel Subscription Agreement unless either party hereto shall specify to the other party a different address for the giving of such notice. All disputes concerning, related to, or arising out of the relationship created by this Hotel Subscription Agreement shall be conducted in New Castle County, Delaware and governed by the law of Delaware, without regard to its choice of law principles.

8. ENTIRETY OF AGREEMENT AND MODIFICATION: This Hotel Subscription Agreement, including the Service Schedules, whether attached or hereafter executed by the parties, and the Subscription Agreement between Canary and ESA Management, LLC dated as of March 28, 2003 (which shall govern in the event of any conflict between the terms hereof and the terms thereof) contain the full and complete understanding of the parties hereto as to the subjects contained herein and supersede any and all prior written or oral agreements or understandings between the parties hereto. In the event of any conflict between the terms of this Hotel Subscription Agreement and the terms of any proposals, specifications, invoices, purchase orders, or any other documents or correspondence, the terms of this

Hotel Subscription Agreement shall prevail. This Hotel Subscription Agreement may not be modified except by a subsequent writing executed by duly-authorized officers of both parties hereto which expressly states that it is a modification of this Hotel Subscription Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed this Hotel Subscription Agreement as of the Effective Date.

CANARY:	**HOTEL**
By: _____	**By:** _____
Name & Title:_____	**Name & Title:**_____

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Attachment A
Service Schedule

Canary will provide the Services to the Hotel at the following prices. After the Initial Term, Canary may increase the following prices by no more than 5%, once per 12 months of service. The increased rate will take effect at the end of the 12 months of service during which the rate was increased following written notice at least 60 days before the end of the then-current term year.

Subscription Fee	One-time Set-up & Implementation Fee
$360 / year	*$200*
Hotel will receive the following services	
• *Unlimited Users* • *Unlimited Storage of documents* • *Unlimited Authorizations* • *Unlimited # Authorization Templates* • *Unlimited Contracts* • 24/7/365 Support • *Client-facing Custom Hotel Web Page* • Card Validation • Standard Fraud Detection • Proprietary Fraud Algorithms • (optional) OCR ID Verification • Customized Branding • Auditable & Verifiable Logs • Custom form creation and design • Card Tokenization • Role-Based Access Controls	• Granular search ability for easy retrieval • Access to dashboard to manage all documents • Mobile & tablet friendly • Robust User & Group based permissions • Two Factor Authentication • Document retention management • PCI Level 1 Compliant solution • P2P Encryption • IP restriction capabilities • Electronic signature capability • Virtual credit card support • Automatic email notifications • Real-time dashboard and reporting • (optional) Two-factor Bank Verification • (optional) Payment processing
One-time Set-up and Implementation	
• Account configuration • Customized property branding • Admin training • Staff training • Unlimited additional trainings • Suggestions and advice from our expert team • Gap analysis completed within the first 10 business days following contract execution to identify gaps that must be addressed prior to go live.	

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EXHIBIT B
TO HOTEL TECHNOLOGY AGREEMENT

PROJECT MANAGEMENT SERVICES SOW

1. SERVICES.

1.1 Franchisee hereby engages the ESA Entities to render project management services (the "**PM Services**") to schedule and interface with third party vendors under contract with ESA (the "**Vendors**") that are available to Franchisee to install and/or overhaul infrastructure technologies at the Hotel (the "**Vendor Services**", and collectively with PM Services, the "**Services**"). ESA shall have the right, at its sole and exclusive option, to self-perform the PM Services or hire a third-party Vendor to perform any, or all, of the PM Services (a "**Third Party PM**"). Services are more fully described in an Addendum to this SOW which is attached hereto and incorporated herein by reference. The parties may enter into one or more Addenda to this SOW. The PM Services are governed by this SOW. Vendors shall be solely and directly responsible and liable for Vendor Services provided to Franchisee. Changes to the scope of the Services may be made only in a writing signed by authorized representatives of both parties.

1.2 Franchisee shall provide information, site and system access and facilities (including, but not limited to, broadband internet access, other telecommunications and office services and supplies) as are required to enable ESA and Vendors to perform the Services. Franchisee acknowledges and agrees that ESA's and Vendors' performances are dependent on and subject to performance by Franchisee of its obligations associated with the Services in a timely manner. ESA shall be entitled to rely on, and Franchisee shall be responsible for, all decisions, instructions and approvals of Franchisee project, administrative and other personnel in connection with the Services. Franchisee will be responsible for the safety of all ESA and Vendor personnel while on Franchisee's premises.

1.3 If any are required, Franchisee shall be responsible for procuring all consents, licenses, approvals or permissions as may be necessary to enable ESA to perform the Services, including the Technology Services, and provide the System.

1.4 Franchisee shall reimburse ESA for all costs and fees paid to the Vendors on Franchisee's behalf for the Vendor Services. If ESA elects to self-perform PM Services, Franchisee will pay ESA a fee for the PM Services to be set forth in the applicable Addendum to this SOW. If ESA elects to use a Third Party PM to perform the PM Services, Franchisee shall reimburse ESA for any costs and fees incurred by ESA for such Third Party PM.

1.5 Franchisee shall reimburse ESA for all cost and expenses incurred by ESA, Third Party PM, or Vendors in connection with the performance of the PM Services or Services, including, but not limited to, travel and lodging expenses, communications charges and the cost of supplies and hardware.

1.6 Franchisee shall be responsible for remitting payment of fifty percent (50%) of the estimated fees, costs and expenses due per the project estimate specified in an SOW in advance and Franchisee shall pay any remaining fees due to ESA upon receipt of an invoice reflecting such amounts. Any invoice not paid when due shall accrue interest at a rate of the lesser of one and one-half (1.5%) percent per month or the highest rate allowed by law. No dispute regarding a portion of an invoice shall relieve Franchisee of the obligation to timely pay the undisputed portion.

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ADDENDUM TO PROJECT MANAGEMENT SERVICES SOW

1. **Contact Information**:

ESA Contact		**Franchisee Contact**	
Name:	Tejan Patel	Name:	
Title:	Hotel Technology Architect	Title:	
Address:	13024 Ballantyne Corporate Place, Suite 1000 Charlotte, NC 28277	Service Address:	
Phone:	(980) 345-1921	Phone:	
Mobile:		Mobile:	
E-mail:	tpatel@extendedstay.com	E-mail:	

2. **Project Management Services Description**: ESA, on its own behalf or by and through a Third Party PM, shall have the right to provide the PM Services as described herein and to oversee and manage the installation and delivery of Vendor Services relating to [construction and/or conversion] of the hotel located at _____ [as/to] an Extended Stay America Premier Suites® branded hotel as described in more detail below:

   a. Building blue print review and comment regarding IT infrastructure

   b. Ongoing review of construction schedule for Hotel

   c. Communications Support with Vendors

   d. Scheduling Support with Vendors

   e. Provide Status Reporting to Franchisee

   f. Procure the hardware described in Section 3 below from Vendors unless otherwise noted

   g. Certify network infrastructure and compliance with Brand Standards

3. **Vendor Services**: ESA shall have the right to oversee and manage the installation and delivery of the below Vendor Services from the indicated Preferred Vendors:

   a. **iDeas**: iDeas will add the Hotel to the RMS environment and enable the data feed for RMS environment to the Hotel.

   b. **Pegasus**: Pegasus will add the Hotel to the CRS environment.

   c. **HotelKey:** Procure a license for HotelKey Property Management System on behalf of Franchisee. ESA will provide remote support to Franchisee for setup and installation of the software.

   d. **Canary:** Procure a license for Canary Technologies third-party authorization platform on behalf of Franchisee. ESA will provide remote support to Franchisee for setup and installation of the software.

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e. **FreedomPay**: FreedomPay will provide hardware and remote support to ensure credit card terminal configured correctly and working on day of cutover.

i. **Hardware**: The following hardware will be provided to the property for deployment:

1. Two (2) Ingenico Lane3000s
2. Two (2) Ingenico Lane3000 Adaptor Plates
3. Two (2) EMV mounts

ii. **Pre-Installation Services**: The following pre-installation will be performed prior to shipment and deployment:

1. Ingenico Lane 3000s:
  a. Two (2) Ingenico Lane3000s will be injected with MIDs and IP addresses configured and ready to use immediately
2. Pre-Deployment Services
  a. Hardware will be configured and shipped to the property
  b. Documentation will be provided for Equipment Instructions to instruct property staff how to use the devices and basic troubleshooting
  c. Installation documentation will be provided with the Ingenico Lane3000 Adaptor Plate

iii. **Installation Services**: Installation will be the responsibility of the property staff.

iv. **Warehousing, Shipping, & Handling Services**: All shipping costs will be added to the hardware invoices.

4. **Franchisee Responsibilities**: Franchisee agrees to the following Franchisee responsibilities in relation to the Vendor Services:

a. Franchisee will provide proposed building blueprints to ESA, including but not limited to IT room, pathways, electrical, ceiling heights, ceiling types, back office location, as requested by ESA.
b. Franchisee will provide ESA with updated construction schedules for Hotel as requested by ESA.
c. Franchisee will be responsible for any lodging costs associated with the Vendor technicians.
d. Franchisee will provide reasonable access to required areas during the installation, and troubleshooting of services by Vendors.
e. Franchisee will provide an escort (preferably the Project Manager or Construction Supervisor for the Site) for Vendor technicians and engineers as required for the successful completion of the installation and troubleshooting procedures for each Vendor. Franchisee will be responsible for compensating the escort.
f. Franchisee will procure all hardware and software required by the Brand Standards that is not being procured by Franchisor on its behalf.
g. Ensure the physical security of all hardware is adequate to prevent damage to or the theft of the hardware.
h. Ensure compliance with all ESA IT security standards

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i. Ensure the environmental conditions (heating, cooling, humidity, etc.) of the room or rooms containing hardware are sufficient to protect the hardware from damage related to environmental factors.

5. Estimated Costs, Expenses, and Fees: **[ESA to insert]**

6. Out of Scope: The below components are outside the scope of this Statement of Work:

- Procurement of all hardware for the PMS and Back Office
- Installation of all equipment
- Ongoing PMS license costs
- Ongoing Canary license costs

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EXHIBIT D

FINANCIAL STATEMENTS

ESH Strategies Franchise LLC

Financial Statements as of and for the Years Ended December 31, 2022 and 2021, and Independent Auditor's Report

ESH STRATEGIES FRANCHISE LLC

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INDEPENDENT AUDITOR'S REPORT

To ESH Hospitality Strategies LLC:

Opinion

We have audited the financial statements of ESH Strategies Franchise LLC (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, changes in member's capital, and cash flows for the year ended December 31, 2022, the period from June 16, 2021 to December 31, 2021 (Successor), and the period from January 1, 2021 to June 15, 2021 (Predecessor), and the related notes to the financial statements (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the year ended December 31, 2022, the period from June 16, 2021 to December 31, 2021 (Successor), and the period from January 1, 2021 to June 15, 2021 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 6 to the financial statements, the Company has entered into significant related party transactions with affiliated entities that are fundamental to the users' understanding of the financial statements. The accompanying financial statements may not be indicative of the conditions that would have existed, or the results of operations that would have occurred, had the Company operated without these related party transactions. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Deloitte & Touche LLP

March 10, 2023

ESH STRATEGIES FRANCHISE LLC

BALANCE SHEETS
AS OF DECEMBER 31, 2022 AND 2021
(In thousands)

	Successor	
	2022	2021
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 3,713	$ 10,998
Accounts receivable	1,706	2,459
Net investment in leases	397	415
Other current assets	148	141
	5,964	14,013
NON-CURRENT ASSETS:		
Intangible assets—net of accumulated amortization of $560 and $109	4,340	4,791
Net investment in leases	735	1,191
Contract acquisition costs	1,330	149
	6,405	6,131
TOTAL ASSETS	$ 12,369	$ 20,144
LIABILITIES AND MEMBER'S CAPITAL		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	$ 4,570	$ 2,549
Deferred revenue	36	21
	4,606	2,570
Non-current deferred revenue	2,370	1,087
Total liabilities	6,976	3,657
MEMBER'S CAPITAL	5,393	16,487
TOTAL LIABILITIES AND MEMBER'S CAPITAL	$ 12,369	$ 20,144

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC

STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Successor		Predecessor
	Year Ended December 31, 2022	Period from June 16, 2021 to December 31, 2021	Period from January 1, 2021, to June 15, 2021
REVENUES:			
Franchise fees	$ 6,980	$ 3,584	$ 2,478
System service fees	8,163	4,384	3,016
Direct expense reimbursements	2,358	1,452	675
Other revenues	47	-	-
Total revenues	17,548	9,420	6,169
OPERATING EXPENSES:			
System service expenses	9,209	4,852	3,945
Direct reimbursable expenses	2,358	1,452	675
General and administrative expenses	6,014	2,516	864
Trademark license expenses	337	174	118
Amortization expense	451	109	-
Brand launch and acquisition transition expenses (Note 4)	3,028	-	-
Total operating expenses	21,397	9,103	5,602
OTHER NON-OPERATING INCOME (Note 4 and Note 6)	500	-	-
NET (LOSS) INCOME	$ (3,349)	$ 317	$ 567

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC

STATEMENTS OF CHANGES IN MEMBER'S CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

Predecessor	
BALANCE—January 1, 2021	$ 6,118
Net income	567
Member contributions	8,838
Member distributions	(13,000)
BALANCE—June 15, 2021	$ 2,523
Successor	
BALANCE—June 16, 2021 (Note 3)	$ 16,170
Net income	317
BALANCE—December 31, 2021	16,487
Net loss	(3,349)
Member contributions	255
Member distributions	(8,000)
BALANCE—December 31, 2022	$ 5,393

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In thousands)

	Successor		Predecessor
	Year Ended December 31, 2022	Period from June 16, 2021 to December 31, 2021	Period from January 1, 2021, to June 15, 2021
OPERATING ACTIVITIES:			
Net (loss) income	$ (3,349)	$ 317	$ 567
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Non-cash member contributions	255	-	8,838
Amortization expense	451	109	-
Changes in assets and liabilities:			
Accounts receivable	753	2,501	(2,122)
Net investment in leases	474	261	183
Contract acquisition costs	(1,181)	(149)	(62)
Due from affiliates	-	5,000	-
Other assets	(7)	176	(96)
Deferred revenue	1,298	408	(684)
Accounts payable and accrued liabilities	2,021	2,155	(157)
Net cash provided by operating activities	715	10,778	6,467
FINANCING ACTIVITIES—Member distributions	(8,000)	-	(13,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,285)	10,778	(6,533)
CASH AND CASH EQUIVALENTS—Beginning of period	10,998	220	6,753
CASH AND CASH EQUIVALENTS—End of period	$ 3,713	$ 10,998	$ 220

See accompanying notes to financial statements.

1. ORGANIZATION AND OPERATIONS

ESH Strategies Franchise LLC (the "Company") was formed as a limited liability company in the state of Delaware on September 16, 2010. On October 17, 2010, ESH Hospitality Strategies LLC (the "Member") became the sole member of the Company. On June 16, 2021, Extended Stay America, Inc. ("ESA") sold its 100% ownership interest in the Member to Eagle Strategies Holdings LLC ("Eagle Strategies").

The Company is engaged in franchising extended stay hotels in the U.S. under the Extended Stay America umbrella of brands, which prior to 2022 included Extended Stay America Suites and Extended Stay America Premier Suites. During the year ended December 31, 2022, the Extended Stay America umbrella of brands expanded with the launch of a third brand, Extended Stay America Select Suites (see Note 4). The brand names and other intellectual property are licensed from ESH Strategies Branding LLC ("Strategies Branding"), a wholly-owned subsidiary of the Member, and in-turn relicensed to third-party franchisees (see Note 6).

As of December 31, 2022, the Company franchised 93 hotel properties under the Extended Stay America Suites brand and 3 hotel properties under the Extended Stay America Premier Suites brand, consisting of a total of approximately 9,800 rooms. As of December 31, 2021, the Company franchised 93 hotel properties, consisting of approximately 9,500 rooms.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States ("U.S. GAAP") and include the financial position, results of operations, changes in member's capital and cash flows of the Company.

The acquisition of the Member by Eagle Strategies in 2021 was accounted for as a business combination under ASC 805, *Accounting for Business Combinations, and Eagle Strategies*, the Member and the Company elected to apply pushdown accounting in the accompanying financial statements as a result of the change in control. The Company's pre-acquisition period from January 1, 2021 to June 15, 2021 (the "Predecessor" period) and post-acquisition period from June 16, 2021 to December 31, 2021 (the "Successor" period) are presented separately in the financial statements and related notes using a "blackline" presentation. The results of operations of the Successor and Predecessor periods may not be comparable due to the acquisition, the application of pushdown accounting and other factors described in Note 3.

Use of Estimates—The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements and amounts of revenues and expenses during the reporting period. Management used significant estimates to determine the estimated useful lives of intangible assets and the allocation of purchase price related to the acquisition of the Member by Eagle Strategies in 2021 (see Note 3). Actual results could differ from those estimates.

Cash and Cash Equivalents—The Company considers all cash on hand, demand deposits with financial institutions, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. The Company has deposits in excess of $250,000 with a financial institution that is not insured by the Federal Deposit Insurance Corporation. The Company does not believe cash and cash equivalents expose it to significant credit risk.

Accounts Receivable—Accounts receivable consists of franchise fees (royalties), system service fees and other receivables due from franchisees, including the reimbursement of costs incurred on behalf of franchised hotels. An allowance for credit losses is made when collection is considered doubtful. Balances are considered past due when payment is not received by the contractual due date. When management determines that accounts receivable are uncollectible, they are written off against the allowance for credit losses. The Company considers historical collection activity and business forecasts in estimating allowance for credit losses. As of December 31, 2022 and 2021, the estimated allowance for credit losses was immaterial.

Contract Acquisition Costs—Contract acquisition costs consist of direct incremental costs incurred to obtain contracts with customers. When a contract is executed, the costs are amortized on a straight-line basis over the initial, non-cancellable term of the contract or the expected contract life. Amortization of contract acquisition costs is included in general and administrative expenses in the accompanying statements of operations.

The Company reviews assets, including contract acquisition costs, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent an asset is impaired, the excess carrying amount over estimated fair value is recognized as an impairment charge. No impairment charges were recognized for the years ended December 31, 2022 and 2021.

Net Investment in Leases—The Company has sales-type lease agreements with certain franchisees for the lease of information technology equipment over 5-year terms. The leases grant the lessees an option to purchase the underlying assets that the Company believes the lessees are reasonably certain to exercise. Upon lease execution, the Company recognized a net investment in leases equal to the present value of future lease payments. For each lease, the net investment in the lease, or sales price, upon lease execution was equal to the carrying value of the underlying information technology equipment, and therefore no interest income is recognized.

Intangible Assets—Intangible assets include franchise agreements which existed as of June 16, 2021, and were initially recorded at their estimated fair values as of June 16, 2021, as a result of pushdown accounting applied in connection with the change in control (see Note 3). The estimated fair values were derived using an income approach that considered internal forecasts, market royalty rates and other factors. Franchise agreements are amortized on a straight-line basis over their estimated useful lives. The remaining weighted-average amortization period for intangible assets is approximately 12 years as of December 31, 2022. Estimated future amortization expense is as follows (in thousands):

Years Ending December 31,	
2023	$ 363
2024	363
2025	363
2026	363
2027	363
Thereafter	2,525
Total	$ 4,340

The Company reviews intangible assets for impairment annually or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent an intangible asset is impaired, the excess carrying amount over estimated fair value is recognized as an impairment charge. No impairment charges were recognized for the years ended December 31, 2022 and 2021.

Franchise Fees—Revenues from franchise fees (royalties) consist of an initial fee and an ongoing royalty fee based on a percentage of a franchised hotel's monthly revenue in exchange for the access to and use of the applicable licensed Extended Stay America brand name and other intellectual property. Royalty fees are recognized over time as franchisees derive value from the license to use the intellectual property. Initial fees are deferred and recognized over the expected contract life.

System Service and Reimbursable Expenses—Revenues from system service and reimbursable expenses, which include the reimbursement of costs incurred on behalf of hotel owners on a direct and an indirect basis, are as follows:

- Direct costs include incremental reservation and distribution costs for which the Company is reimbursed on a dollar-for-dollar basis. Since the Company directs the reservation and distribution services, it acts as the principal with respect to these services and revenue is recognized on a gross basis.

- Indirect costs include costs associated with certain system-wide platforms shared by all franchisees (i.e., system services), such as marketing, technology infrastructure, central reservations, national sales and revenue management systems. The Company is reimbursed for indirect costs through system service fees or program fees based on a percentage of a franchised hotel's revenue. System service fees are recognized over time as franchisees derive value from the license to use these processes and systems. Revenue is recognized on a gross basis; expense is recognized as incurred. Over time, the Company manages system services to break-even, but the timing of system service fees will typically not align with expenses incurred to operate the system-wide platforms.

The promise to provide access to the Company's intellectual property combined with the promise to provide system services form a single performance obligation since the promises generally accompany one another. The performance obligation is considered to be a series of services transferred over time. Revenue is recognized on an output method based on performance completed to date. The Company recognizes revenue in the amount to which it has a right to bill customers under respective franchise agreements, as it has a right to consideration in an amount that corresponds directly with customers' hotel revenues. Franchise fees and system service fees are characterized as variable consideration and vary from period to period. In the event that fees include variables that extend beyond the current period, the Company uses the most likely amount method to determine the amount of revenue based on a reasonable revenue forecast for the applicable hotel. In most instances, the Company does not have constraining estimates, as franchisee hotel revenues are typically available and obtained monthly.

Income Taxes—As a limited liability company, the Company is not subject to federal income taxes. The Company may be subject to state and local taxes in certain jurisdictions.

3. ACQUISITION OF MEMBER

On June 16, 2021, Eagle Strategies acquired the 100% ownership interest in the Member from ESA for consideration of $25.0 million in cash, and Eagle Strategies, the Member and the Company elected to apply pushdown accounting in the accompanying financial statements as a result of the change in control. The $25.0 million purchase price was allocated to tangible and intangible assets acquired and liabilities assumed for each of the Member and its subsidiaries, including the Company and Strategies Branding, based on their relative estimated fair values. The estimated fair values of assets acquired and liabilities assumed attributable to the Company was $16.2 million and, as such, Eagle Strategies and the Member allocated $16.2 million of the purchase price to the Member's 100% ownership interest in the Company. Fair value estimates were based on information obtained from independent appraisals, other market data and historical and projected results (see Note 2).

The following table summarizes the allocation of the purchase price to the Company's assets acquired and liabilities assumed on the acquisition date (in thousands):

	June 16, 2021
Assets:	
Cash and cash equivalents	$ 220
Accounts receivable	4,960
Intangible assets	4,900
Net investment in leases	1,867
Due from affiliates	5,000
Other assets	317
Total assets	17,264
Liabilities:	
Accounts payable and accrued liabilities	394
Deferred revenue	700
Total liabilities	1,094
Total identifiable assets and liabilities—net	$ 16,170

4. BRAND LAUNCH AND ACQUISITION TRANSITION EXPENSES

During the year ended December 31, 2022, in connection with the launch of the Extended Stay America Select Suites brand, the Company incurred $2.5 million in costs related to payments due to certain franchisees. The payments relate to exemptions within certain areas of protection and were provided to facilitate the launch of the Extended Stay America Select Suites brand. The majority of payments will be satisfied through a net reduction in franchise fees paid by applicable franchisees to the Company. ESH Hospitality, Inc. reimbursed the Company $0.5 million with respect to these costs (see Note 6). The reimbursement is included as other non-operating income in the accompanying statements of operations.

During the year ended December 31, 2022, the Company incurred $0.5 million in expenses related to the reimbursement of certain employee-related costs and professional fees incurred by ESA Management LLC associated with or directly attributable to the 2021 acquisition of the Member from ESA and related transition activities (see Notes 3 and 6).

These expenses are separately classified as brand launch and acquisition transition expenses in the accompanying statements of operations.

5. CUSTOMER CONTRACTS

Outstanding Contract Liabilities—Contract liabilities relate to advance consideration received, such as initial fees paid when a franchise agreement is executed and certain system implementation fees paid at the time of installation. The following table presents changes in outstanding contract liabilities and the amount of outstanding contract liabilities that were recognized as revenue during the years ended December 31, 2022 and 2021 (in thousands):

	Successor		Predecessor
	Year Ended December 31, 2022	June 16, 2021 to December 31, 2021	January 1, 2021, to June 15, 2021
Contract liabilities—beginning of period	$ 1,108	$ 700	$ 6,221
Contract liabilities—end of period	2,406	1,108	5,537
Portion of beginning balance recognized as revenue during the period	247	2	114

As of December 31, 2022 and December 31, 2021, less than $0.1 million of contract liabilities were presented as current deferred revenue on the accompanying balance sheets. As of December 31, 2022 and December 31, 2021, $2.4 million and $1.1 million of contract liabilities, respectively, were presented as non-current deferred revenue on the accompanying balance sheets.

Performance Obligations—The Company does not estimate revenues expected to be recognized related to unsatisfied performance obligations for franchise fees or system service fees, as they are considered either sales-based fees or allocated to wholly unsatisfied performance obligations in a series. Performance obligations related to franchised hotels are expected to be satisfied over the term of the respective franchise agreements, which are typically 20 years.

6. RELATED PARTY TRANSACTIONS

The Company is party to a services agreement with ESA Management LLC (the “Manager”). The Manager’s non-economic, non-member co-managers are affiliates of entities that own Eagle Strategies. The Manager incurs costs for certain overhead services and system services performed or arranged on

the Company's behalf, as well as certain direct reimbursable expenses. Costs incurred on behalf of the Company for overhead services, including executive management, accounting, business development, financial analysis, training and technology were $5.8 million, $2.5 million and $0.9 million for the year ended December 31, 2022, the period from June 16, 2021 to December 31, 2021 (Successor) and the period from January 1, 2021 to June 15, 2021 (Predecessor), respectively, and are included in general and administrative expenses in the accompanying statements of operations. Costs incurred on behalf of the Company for system services and direct reimbursable expenses were $11.6 million, $6.3 million and $4.6 million for the year ended December 31, 2022, the period from June 16, 2021 to December 31, 2021 (Successor) and the period from January 1, 2021 to June 15, 2021 (Predecessor), respectively. As of December 31, 2022 and 2021, $2.1 million and $2.0 million, respectively, of expense reimbursements were due to the Manager and are included in accounts payable and accrued liabilities in the accompanying balance sheets.

The Company is party to a trademark agreement with Strategies Branding for the license of the Extended Stay America brands and other intellectual property for a trademark license fee of 5% of franchise fees. For the year ended December 31, 2022, the period from June 16, 2021 to December 31, 2021 (Successor) and the period from January 1, 2021 to June 15, 2021 (Predecessor), the Company incurred $0.3 million, $0.2 million and $0.1 million, respectively, in trademark license fees to Strategies Branding. As of December 31, 2022 and 2021, $0.1 million of trademark fees were due to Strategies Branding and are included in accounts payable and accrued liabilities in the accompanying balance sheets.

From time to time, disbursements and/or receipts may be made and/or received on the Company's behalf by ESH Hospitality, Inc. ("ESH REIT"). The entities that own ESH REIT are affiliates of the entities that own Eagle Strategies. As of December 31, 2022 and 2021, $0.1 million and $0.2 million, respectively, was due to ESH REIT and is included in accounts payable and accrued liabilities in the accompanying balance sheets.

During the year ended December 31, 2022, ESH REIT reimbursed the Company $0.5 million for payments made to franchisees related to exemptions within certain areas of protection (see Note 4).

During the year ended December 31, 2022, the Company reimbursed ESA Management $0.5 million related to certain costs incurred by ESA Management in connection with the 2021 acquisition of the Member from ESA (see Note 4).

For the Predecessor period, amounts paid by ESA on behalf of the Company were treated as contributions to member's capital. Such amounts are presented as non-cash member contributions of $8.8 million in the accompanying statements of changes in member's capital and statements of cash flows.

Immediately prior to the sale of the Member to Eagle Strategies in 2021, ESA declared a capital contribution of $5.0 million payable to the Company which was paid during the Successor period.

7. LEASES

Maturities of the Company's net investment in leases as of December 31, 2022, are as follows (in thousands):

Years Ending December 31,	
2023	$ 397
2024	397
2025	328
2026	10
Total	$ 1,132

8. SUBSEQUENT EVENTS

The Company evaluated if there had been any subsequent events through March 10, 2023, the date the financial statements were available to be issued. No subsequent events were noted.

* * * * * *

ESH Strategies Franchise LLC

Financial Statements and Related Notes as of December 31, 2020 and 2019 and for the Years Ended December 31, 2020, 2019 and 2018

ESH STRATEGIES FRANCHISE LLC

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INDEPENDENT AUDITORS' REPORT

To ESH Hospitality Strategies LLC:

We have audited the accompanying financial statements of ESH Strategies Franchise, LLC (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in member's capital (deficit), and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the financial statements.

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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ESH Strategies Franchise, LLC as of December 31, 2020 and 2019, and the results of

their operations and their cash flows for each of the three years in the period ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, the Company has entered into significant related party transactions with affiliated entities that are fundamental to the users' understanding of the financial statements. The accompanying financial statements may not be indicative of the conditions that would have existed, or the results of operations that would have occurred, had the Company operated without these related party transactions. Our opinion is not modified with respect to this matter.

July 16, 2021

ESH STRATEGIES FRANCHISE LLC
BALANCE SHEETS
AS OF DECEMBER 31, 2020 AND 2019
(In thousands)

	December 31, 2020	December 31, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,753	$ 11,320
Accounts receivable	2,840	1,385
Assets held for sale	—	2,553
Net investment in leases	396	—
Other current assets	220	196
	10,209	15,454
Non-current assets:		
Net investment in leases	1,654	—
Contract acquisition costs	1,027	856
	2,681	856
Total assets	$ 12,890	$ 16,310
LIABILITIES AND MEMBER'S CAPITAL		
Current liabilities:		
Accounts payable and accrued liabilities	$ 551	$ 151
Deferred revenue	230	320
	781	471
Non-current deferred revenue	5,991	4,961
Total liabilities	6,772	5,432
Member's capital	6,118	10,878
Total liabilities and member's capital	$ 12,890	$ 16,310

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(In thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
REVENUES:			
Franchise fees	$ 4,449	$ 4,209	$ 2,135
System service fees	5,062	5,220	2,444
Direct expense reimbursements	1,300	2,286	1,428
Total revenues	10,811	11,715	6,007
OPERATING EXPENSES:			
System services	7,242	7,375	3,095
Direct reimbursable expenses	1,300	2,286	1,428
General and administrative expenses	1,204	995	699
Trademark license expenses	206	192	95
Total operating expenses	9,952	10,848	5,317
NET INCOME	$ 859	$ 867	$ 690

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC
STATEMENTS OF CHANGES IN MEMBER'S CAPITAL (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(In thousands)

BALANCE - January 1, 2018	$	2,922
Net income		690
Member distributions		(4,188)
BALANCE - December 31, 2018		(576)
Net income		867
Member contributions		10,587
BALANCE - December 31, 2019		10,878
Net income		859
Member contributions		8,281
Member distributions		(13,900)
BALANCE - December 31, 2020	$	6,118

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(In thousands)

	Year Ended December 31,		
	2020	**2019**	**2018**
OPERATING ACTIVITIES:			
Net income	$ 859	$ 867	$ 690
Adjustments to reconcile net income to net cash provided by operating activities:			
Non-cash Member contributions (distributions)	8,281	8,034	(488)
Changes in assets and liabilities:			
Accounts receivable	(1,455)	(908)	(470)
Net investment in leases	503	—	—
Contract acquisition costs	(171)	(509)	(347)
Other assets	(24)	(190)	(6)
Deferred revenue	940	407	4,874
Accounts payable and accrued liabilities	400	(102)	168
Net cash provided by operating activities	9,333	7,599	4,421
FINANCING ACTIVITIES:			
Member distributions	(13,900)	—	(3,700)
Net cash used in financing activities	(13,900)	—	(3,700)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,567)	7,599	721
CASH AND CASH EQUIVALENTS—Beginning of period	11,320	3,721	3,000
CASH AND CASH EQUIVALENTS—End of period	$ 6,753	$ 11,320	$ 3,721
SUPPLEMENTAL CASH FLOW INFORMATION:			
Assets held for sale reclassified as net investment in leases	$ 2,553	$ —	$ —

See accompanying notes to financial statements.

ESH STRATEGIES FRANCHISE LLC
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2020 AND 2019 AND FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018

1. ORGANIZATION AND OPERATIONS

ESH Strategies Franchise LLC (the "Company") was formed as a limited liability company in the state of Delaware on September 16, 2010. On October 17, 2010, the Company's limited liability company agreement was amended and at such time ESH Hospitality Strategies LLC (the "Member") became the sole member of the Company. As of December 31, 2020, ESH Hospitality Strategies LLC was a wholly-owned subsidiary of Extended Stay America, Inc ("ESA"). On June 16, 2021, ESA sold all of its interests in the Member to Eagle Strategies Holdings LLC ("Eagle Strategies").

The Company is engaged in franchising extended stay hotels with third parties in the U.S. under the Extended Stay America brand name. The brand name and other intellectual property are licensed from ESH Hospitality Branding LLC, a wholly-owned subsidiary of the Member, and, in turn, relicensed to third-party franchisees. As of December 31, 2020, the Company franchised 83 Extended Stay America-branded hotel properties for third parties, consisting of approximately 8,500 rooms.

2. BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. ("U.S. GAAP") and include the financial position, results of operations, changes in member's capital and cash flows of the Company.

Use of Estimates—The preparation of the accompanying financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents—The Company considers all cash on hand, demand deposits with financial institutions, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. The Company has deposits in excess of $250,000 with a financial institution that are not insured by the Federal Deposit Insurance Corporation. The Company does not believe cash and cash equivalents expose it to significant credit risk.

Accounts Receivable—Accounts receivable consists of royalties, system services fees and other receivables due from franchisees, including reimbursement of costs incurred on behalf of franchised properties. An allowance for credit losses is made when collection is considered doubtful. Balances are considered past due when payment is not received by the contractual due date. When management determines that accounts receivable are uncollectible, they are written off against the allowance for credit losses. The Company considers historical collection activity and business forecasts in estimating allowance for credit losses. As of December 31, 2020 and 2019, the estimated allowance for credit losses was immaterial.

Contract Acquisition Costs—Contract acquisition costs consist of direct incremental costs incurred to obtain contracts with customers and are amortized on a straight-line basis over the initial, non-cancellable term of the contract or the expected customer life. Amortization of contract acquisition costs is included in general and administrative expenses on the accompanying statements of operations. We review the assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. To the extent an asset is impaired, the excess carrying amount over estimated fair value is recognized as an impairment charge. No impairment charges were recognized for the years ended December 31, 2020, 2019 and 2018.

Assets Held For Sale and Net Investment in Leases—Assets held for sale include information technology equipment held for sale to certain franchisees. The Company classifies assets as held for sale when management commits to a formal plan to sell the assets, actively seeks a buyer for the assets and the consummation of a sale is considered probable and is expected within one year. Upon designating an asset as held for sale, the Company stops recognizing depreciation expense.

During the year ended December 31, 2020, the Company entered into various lease agreements with certain franchisees for the lease of its information technology equipment over 5-year terms. The leases grant the lessees an option to purchase the underlying assets that the Company believes lessees are reasonably certain to exercise. The leases meet the qualifications to be classified as sales-type leases under Accounting Standards Codification ("ASC") 842, *Leases*. Upon lease execution, the Company derecognized the respective assets held for sale and recognized a net investment in lease equal to the present value of

future lease payments. For all leases, the net investment in lease, or sales price, was equal to the carrying value of the underlying assets, resulting in no selling profit or loss recognized and no interest income to be recognized over the life of the leases.

Revenue from Franchise Fees—Revenue generated from franchise fees consist of an initial fee and an ongoing royalty fee based on a percentage of a hotel's monthly revenue in exchange for the access to and use of the Company's brand name and other intellectual property. Royalty fees are recognized over time as franchisees derive value from the license to use the intellectual property. Initial fees are deferred and recognized over the expected contract or customer life.

Revenue from System Services and Direct Reimbursable Expenses—Revenue generated from system services and direct reimbursable expenses, which include the reimbursement of costs incurred on behalf of third-party hotel owners on a direct and an indirect basis, are as follows:

- Direct costs incurred with respect to franchise agreements include incremental reservation and distribution costs for which the Company is reimbursed on a dollar-for-dollar basis. Since the Company has discretion over reservation and distribution costs, it is the principal with respect to these services and revenue is recognized on a gross basis.
- Indirect costs incurred with respect to franchise agreements include costs associated with certain shared system-wide platforms (i.e., system services), such as marketing, technology infrastructure, central reservations, national sales and revenue management systems. The Company is reimbursed for indirect costs through a system service fee, or program fee, based on a percentage of a hotel's monthly revenue. System service fees are recognized over time as franchisees derive value from the license to use these processes and systems. Revenue is recognized on a gross basis; expense is recognized as incurred. Over time, the Company manages system services to break-even, but the timing of system service fee revenues will typically not align with expenses incurred to operate the programs.

The promise to provide access to the Company's intellectual property is combined with the promise to provide system services to form a single performance obligation since the promises generally accompany one another. The performance obligation is considered to be a series of services transferred over time. Revenue is recognized on an output method based on performance completed to date. The Company recognizes revenue in the amount to which it has a right to bill third parties under their respective franchise agreements, as it has a right to consideration in an amount that corresponds directly with the third parties' hotel revenues. Franchise and system service fees are characterized as variable consideration and vary from period to period. In the event that fees include variables that extend beyond the current period, the Company uses the most likely amount method to determine the amount of revenue to record based on a reasonable revenue forecast for the applicable hotel. In most instances, the Company does not have constraining estimates, as third-party hotel revenues are typically available and obtained monthly.

Income Taxes—As a limited liability company, the Company is not subject to federal income taxes. The Company may be subject to state and local taxes in certain jurisdictions.

Recently Issued Accounting Standards

Financial Instruments—Credit Losses—In June 2016, the Financial Accounting Standards Board ("FASB") issued an accounting standards update which requires the measurement of an impairment allowance for certain financial assets based on a company's current estimate of all contractual cash flows it does not expect to collect. The new standard primarily impacts the manner in which the Company estimates its allowance for uncollectible accounts receivable. The standard requires the Company to measure its allowance for credit losses based on current conditions, historical experience and reasonable and supportable forecasts for each pool of receivables with similar risk characteristics. The Company early adopted this update on January 1, 2020, using a modified retrospective method. The adoption of this update did not have a material effect on the Company's financial statements and had no effect on or impact to retained earnings.

Leases—The Company early adopted ASC 842, *Leases*, on January 1, 2019, using the modified retrospective approach. The standard amends lease accounting standards for both lessees and lessors. There were no material changes to the accounting for sales-type leases under this standard, and the adoption of this update did not have a material effect on the Company's financial statements.

Contractual Revenue—The Company early adopted ASC 606, *Revenue from Contracts with Customers*, on January 1, 2018, to all contracts as of January 1, 2018, on a modified retrospective basis. The core principle of ASC 606 is that recognized revenue reflects consideration to which a company is entitled in exchange for specifically identified services. ASC 606 requires companies to use the following five-step model as part of the revenue recognition process: (1) identify the contract; (2) identify performance obligations; (3) determine the transaction price; (4) allocate the transaction price to performance obligations; and (5) recognize revenue when performance obligations are satisfied. The adoption of this update did not have a material effect on the Company's financial statements and had no effect on or impact to retained earnings.

3. CUSTOMER CONTRACTS

Outstanding Contract Liabilities

Contract liabilities relate to advance consideration received, such as initial franchise fees paid when a franchise agreement is executed and certain system implementation fees paid at the time of installation. The following table presents changes in outstanding contract liabilities as of December 31, 2020 and 2019, respectively, and the amount of outstanding contract liabilities that were recognized as revenue during the years ended December 31, 2020 and 2019, respectively (in thousands):

	Year Ended December 31,	
	2020	2019
Contract liabilities - beginning of year	$ 5,281	$ 4,874
Contract liabilities - end of year	$ 6,221	$ 5,281
Portion of beginning balance recognized as revenue during the year	$ 328	$ 352

As of December 31, 2020, $0.2 million and $6.0 million of contract liabilities, respectively, were presented as current and non-current deferred revenue on the accompany consolidated balance sheets. As of December 31, 2019, $0.3 million and $5.0 million of contract liabilities, respectively, were presented as deferred revenue on the accompany consolidated balance sheets.

Performance Obligations

The Company does not estimate revenues expected to be recognized related to unsatisfied performance obligations for royalty fees or system service fees, as they are considered either sales-based fees or allocated to wholly unsatisfied performance obligations in a series. Performance obligations related to franchised hotels are expected to be satisfied over the term of the respective franchise agreements, which are typically 20 years.

4. RELATED PARTY TRANSACTIONS

The Company is party to a services agreement with Extended Stay Management, LLC (the "Manager"), a wholly-owned subsidiary of ESA. The Manager incurs costs under the services agreement for certain overhead services and system services performed or arranged on the Company's behalf, as well as certain direct reimburseable expenses. Costs incurred on behalf of the Company for services related to executive management, accounting, business development, financial analysis, training and technology were $1.2 million, $1.0 million and $0.7 million for the years ended December 31, 2020, 2019 and 2018, and are included in general and administrative expenses on the accompanying income statements. Costs incurred on behalf of the Company for system services and direct reimburseable expenses were $8.5 million, $9.7 million and $4.5 million for the years ended December 31, 2020, 2019 and 2018.

The Company has entered into a trademark agreement with ESH Strategies Branding LLC ("Strategies Branding"), a wholly-owned subsidiary of the Member, for the license of the Extended Stay America brand and other intellectual property for a trademark license fee of 5% of royalty fees. For the years ended December 31, 2020, 2019 and 2018, the Company incurred $0.2 million, $0.2 million and $0.1 million, respectively, in trademark license fees.

From time to time, disbursements and/or receipts may be made and/or received on the Company's behalf by ESH Hospitality, Inc. ("ESH REIT"), an affiliate of the Member. As of December 31, 2020, $0.4 million was due to ESH REIT and is included in accounts payable and accrued expenses on the accompanying balance sheets. As of December 31, 2019, $0.1 million was receivable from ESH REIT and is included in other current assets on the accompanying balance sheets.

Amounts due to or from affiliates paid or received by the Member or ESA on behalf of the Company are treated as contributions or distributions in members capital. Such amounts are presented as non-cash Member contributions (distributions) of $8.3 million, $8.0 million and $(0.5) million for the years ended December 31, 2020, 2019 and 2018, respectively, on the accompanying statements of cash flows.

5. LEASES

Maturities of the Company's net investment in leases as of December 31, 2020, are as follows (in thousands):

Years Ending December 31,		
2021	$	396
2022		426
2023		426
2024		426
2025		369
Thereafter		7
Total	$	2,050
Current portion		396
Non-Current portion		1,654
	$	2,050

6. SUBSEQUENT EVENTS

The Company evaluated if there had been any subsequent events through July 16, 2021, the date the financial statements were available to be issued. No subsequent events were noted.

EXHIBIT E

BRAND STANDARDS TABLE OF CONTENTS

BRAND STANDARDS TABLE OF CONTENTS

SECTION	PAGE
Section 100: The Extended Stay America Premier Suites® Brand	6 pages
Section 200: Service Standards	4 pages
Section 300: Reservations and Channels	18 pages
Section 400: Breakfast, Fitness and Other Guest Services	8 pages
Section 500: Marketing and Brand Identity	7 pages
Section 600: General Rules of Operation	14 pages
Section 700: Employee Standards	3 pages
Section 800: Learning and Development	3 pages
Section 900: Information Technology and Telecommunication	18 pages
Section 1000: Safety & Security	4 pages
Section 1100: Risk Management	9 pages
Section 1200: Design and Construction/Renovation	22 pages
Appendix……	25 pages
Total number of pages	**150 pages**

EXHIBIT F

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

CALIFORNIA
California Commissioner of Financial Protection and Innovation
California Dept. of Financial Protection and Innovation
2101 Arena Boulevard
Sacramento, CA 95834
(866) 275-2677 or Toll Free: (866) 275-2677
Agent to Receive Process:
Commissioner of Financial Protection and Innovation

FLORIDA
Dept. of Agriculture & Consumer Services
Division of Consumer Services
2005 Apalachee Pkwy
Tallahassee, FL 32399
(800) 435-7352

HAWAII
Dept. of Commerce & Consumer Affairs
Business Registration Division
Securities Compliance Branch
335 Merchant Street, Room 205
Honolulu, HI 96813
(808) 586-2722
Agent to Receive Process:
Hawaii Commissioner of Securities
Dept. of Commerce & Consumer Affairs

ILLINOIS
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706
(217) 782-1090
Agent to Receive Process:
Illinois Attorney General

INDIANA
Indiana Securities Division
Franchise Section
302 W. Washington Street, Room E-111
Indianapolis, IN 46204
(317) 232-6681
Agent to Receive Process:
Indiana Secretary of State
302 W. Washington Street, Room E-111
Indianapolis, IN 46204

MARYLAND
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360
Agent to Receive Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN
Michigan Dept. of Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
525 W. Ottawa St.
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117
Agent to Receive Process:
Michigan Dept. of Commerce
Corporations and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

MINNESOTA
Commissioner of Commerce
Dept. of Commerce-Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101
(651) 539-1600
Agent to Receive Process:
Minnesota Dept. of Commerce - Securities Unit

NEBRASKA
Dept. of Banking and Finance
Bureau of Securities
1526 K Street, Suite 300
Lincoln, NE 68508
(402) 471-3445

NEW YORK
NYS Department of Law
Investor Protection Bureau
28 Liberty Street
New York, NY 10005
(212) 416-8222
Agent to Receive Process:
New York Secretary of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001

NORTH DAKOTA
North Dakota Securities Department
600 East Boulevard Avenue, State Capitol
5th Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712
Agent to Receive Process:
North Dakota Securities Commissioner

OREGON
Dept. of Consumer and Business Services
Division of Finance and Corporate Securities
350 Winter Street NE
Salem, OR 97309
(503) 378-4140
Agent to Receive Process:
Dept. of Insurance and Finance
700 Summer Street, N.E., Ste. 120
Salem, OR 97310

RHODE ISLAND
Dept. of Business Regulation
Division of Securities
1511 Pontiac Avenue
John O. Pastore Complex - Building 69-1
Cranston, RI 02920
(401) 462-9527
Agent to Receive Process:
Director of Dept. of Business Regulation
Division of Business Regulation
John O. Pastore Center
Building 69, First Floor
Cranston, RI 02920

SOUTH DAKOTA
Dept. of Labor and Regulation
Division of Insurance-Securities Regulation
124 S. Euclid Avenue, Suite 104
Pierre, SD 57501
(605) 773-3563
Agent to Receive Process:
Department of Labor and Regulation

TEXAS
Secretary of State
Statutory Document Section
1019 Brazos
Austin, TX 78701
(512) 475-1769

VIRGINIA
State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051
Agent to Receive Process:
Clerk of the State Corporation Commission
Corporate Commission

WASHINGTON
Department of Financial Institutions
Securities Division
PO Box 9033
Olympia, WA 98507
(360) 902-8760
Agent to Receive Process:
Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501

WISCONSIN
Dept. of Financial Institutions
Division of Securities
4822 Madison Yards Way, North Tower
Madison, WI 53705
(608) 266-2139
Agent to Receive Process:
Administrator, Division of Securities, Dept. of Financial Institutions
201 West Washington Avenue, Suite 300
Madison, WI 53703

EXHIBIT G

STATE ADDENDA TO DISCLOSURE DOCUMENT, RIDERS TO FRANCHISE AGREEMENT, AND STATE RIDERS TO DEVELOPMENT AGREEMENT

ADDITIONAL DISCLOSURES FOR THE FRANCHISE DISCLOSURE DOCUMENT OF ESH STRATEGIES FRANCHISE LLC

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

CALIFORNIA

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

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of California:

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

2. SECTION 31125 OF THE FRANCHISE INVESTMENT LAW REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT APPROVED BY THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION BEFORE WE ASK YOU TO CONSIDER A MATERIAL MODIFICATION OF YOUR DEVELOPMENT AGREEMENT OR FRANCHISE AGREEMENT.

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

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

5. The following is added at the end of Item 3:

> Neither we, our parent, predecessor *or* affiliates nor any person in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. Sections 78a et seq., suspending or expelling such persons from membership in that association or exchange.

6. Item 6 is amended by adding the following to the Remarks in the "Interest on Late Payments" section:

The maximum allowable interest rate in California is 10% per annum.

7. The following paragraphs are added at the end of Item 17:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee and multi-unit developer concerning termination, transfer or nonrenewal of a franchise. If the Development Agreement or Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a provision that may be interpreted as a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Development Agreement and Franchise Agreement require application of the laws of the State of North Carolina. This provision might not be enforceable under California law.

The Development Agreement and Franchise Agreement require that any claim shall be brought within the judicial district in which ESA has its principal place of business at the time the action or proceeding is initiated (currently Charlotte, North Carolina in Mecklenburg County). Prospective multi-unit developers and franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Development Agreement and Franchise Agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

HAWAII

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Hawaii:

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

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

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

The states in which this registration is or will be effective (or exempt from registration) or where a disclosure document has been or will be shortly filed: California, Hawaii, Illinois, Indiana, Maryland, Michigan. Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

The states, if any, which have refused, by order or otherwise, to register these franchises: None.

The states, if any, which have revoked or suspended the right to offer these franchises: None.

The states, if any, in which a proposed registration of these franchises has been withdrawn: None.

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

ILLINOIS

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Illinois:

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise

agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

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

Items 17(v) and 17(w) are amended to state that the provisions of the Franchise Agreement, and all other agreements concerning governing law, jurisdiction, venue, choice of law, and waiver of jury trials will not constitute a waiver of any right conferred upon you by the Illinois Franchise Disclosure Act. The Illinois Franchise Disclosure Act will govern the Franchise Agreement with respect to Illinois licensees and any other person under the jurisdiction of the Illinois Franchise Disclosure Act.

Your rights upon termination and non-renewal of a franchise agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

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

INDIANA

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Indiana:

1. **Item 17, Additional Disclosures.** The following statements are added to Item 17:

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

   Any provisions requiring you to sign a general release of claims against us, including upon execution of a successor Franchise Agreement, refund of initial fees, or transfer, does not release any claim you may have under the Indiana Deceptive Franchise Practices Law.

   The Franchise Agreement and the Development Agreement provide that suit must be brought in North Carolina. These provisions may not be enforceable under Indiana law.

   Indiana franchise laws will govern the Franchise Agreement, the Development Agreement, and any and all other related documents.

Item 23 of the Franchise Disclosure Document shall be amended as follows:

We must provide this Franchise Disclosure Document to you at least 10 days prior to the execution by you of a binding franchise or other agreement, or at least ten 10 days prior to the receipt of any consideration, whichever first occurs.

MARYLAND

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Maryland:

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

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

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

> The Development Agreement and Franchise Agreement provide for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. The following sentence is added to the end of the "Summary" section of Item 17(v), entitled Choice of forum:

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

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

> You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

5. The following language is added to Item 11 with regard to the System Services Fee:

> A statement showing how System Services Fees have been spent in the last year will be provided to you upon your written your request.

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

MINNESOTA

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Minnesota:

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MINNESOTA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

1. The page entitled "**Special Risk(s) to Consider About *This* Franchise**" is amended by the addition of the following language:

Special Risk(s) to Consider About *This* Franchise

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

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

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

2. Item 6 titled "Insufficient Funds Fee/NSF" of the Franchise Disclosure Document is amended to include the following paragraph:

> With respect to franchises governed by Minnesota law, we will comply with pursuant to Minn. Stat. Sec. 604.113, which imposes only one insufficient funds service fee per dishonored check, not to exceed $30.

3. Item 13 is amended to provide that if you have complied with all provisions of the Franchise Agreement applicable to the Marks, we will protect your right to use the Marks and will indemnify you from any loss, costs or expenses arising out of any claims, suits or demands regarding your use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

4. Item 17 "summary column" for (f) of the Franchise Disclosure Document is amended to include the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure), and that consent to the transfer of the franchise will not be unreasonably withheld.

5. Item 17 "summary column" for (m) of the Franchise Disclosure Document is amended to include the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

6. Item 17 "summary columns" for (v) and (w) of the Franchise Disclosure Document are amended to include the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota or requiring waiver of a jury trial. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause, pursuant to Minn. Rule 2860.4400J.

7. Item 17 of the Franchise Disclosure Document is amended to include the following paragraph after the table:

Pursuant to Minn. Rule 2860.4400D, any General Release required as a condition of renewal, sale and/or transfer does not apply to any liability under the Minnesota Franchise Act.

8. Item 17 of the Franchise Disclosure Document is amended by adding the following paragraph after the table:

In the State of Minnesota, (a) no person may terminate or cancel a franchise without good cause and without first having given written notice setting forth all the reasons for such termination or cancellation to the Franchisee at least 90 days in advance of such termination or cancellation, and the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice shall be effective immediately upon receipt where the alleged grounds are:

(1) Voluntary abandonment of the franchise relationship by the Franchisee; or

(2) The conviction of the Franchisee in a court of competent jurisdiction of an offense directly related to the business conducted pursuant to the franchise; or

(3) Failure to cure a default under the Franchise Agreement which materially impairs a goodwill associated with the Franchisor's tradename, trademark, service mark, logo type or other commercial symbol after the Franchisee has received written notice to cure at least twenty-four hours in advance thereof.

Franchisor shall give Franchisee 180 days' notice for non-renewal of the Franchise Agreement.

No person may terminate or cancel a franchise except for good cause. "Good cause" means failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed by the franchisor including, but not limited to:

(1) the bankruptcy or insolvency of the franchisee;

(2) assignment for the benefit of creditors or similar disposition of the assets of the franchise business;

(3) voluntary abandonment of the franchise business;

(4) conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or

(5) any act by or conduct of the franchisee which materially impairs the goodwill associated with the franchisor's trademark, tradename, service mark, logotype or other commercial symbol.

NEW YORK

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of New York:

1. The page entitled "**Special Risk(s) to Consider About *This* Franchise**" is amended by the addition of the following language:

Special Risk(s) to Consider About *This* Franchise

ADDITIONAL INFORMATION. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT F OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.

REGISTRATION IS NOT ENDORSEMENT. 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.

UNTRUE STATEMENTS. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE,

CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, NEW YORK, NEW YORK 10005.

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

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

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

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

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

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

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 Item 4:

Neither we, our affiliates or any officers identified in Item 2 of this Disclosure Document has, during the 10-year period preceding the date of this Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

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

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

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

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), entitled Assignment of contract by franchisor:

However, no assignment will be made except to an assignee that in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Development Agreement or Franchise Agreement.

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

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

NORTH DAKOTA

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of North Dakota:

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

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

2. The "Summary" section of Item 17(i), entitled Franchisee's obligations on termination or renewal is supplemented by the following language:

> The North Dakota Securities Commissioner has held liquidated damages and termination penalties to be unfair, unjust and inequitable to North Dakota franchisees.

3. The "Summary" section of Item 17(u), entitled Dispute resolution by arbitration or mediation is deleted and replaced with the following:

> To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), mediation will be at a site to which we and you mutually agree.

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

> You must sue us in North Carolina, except that to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota.

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

> Except as otherwise required by North Dakota law, the laws of the State of North Carolina will apply.
>
> We shall not require you to consent to the Waiver of a Trial by Jury, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law, or the waiver of exemplary and punitive damages.

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

RHODE ISLAND

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Rhode Island:

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

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

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this addendum.

VIRGINIA

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Virginia:

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

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

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 any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Virginia Retail Franchising Act are met independently without reference to this addendum.

WASHINGTON

Notwithstanding anything to the contrary set forth in the ESH Strategies Franchise LLC Disclosure Document, the following provisions shall supersede and apply to all Extended Stay America Premier Suites franchises offered and sold in the state of Washington:

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

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

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

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

of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

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

10. Each provision of this addendum to the Disclosure Document shall be effective only to the extent that with respect to such provision, the jurisdictional requirements of the Washington Franchise Investment Protection Act are met independently without reference to this addendum.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN CALIFORNIA

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

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

2. The following language is hereby deleted from the last paragraph of Section 1 (Grant of License): "and Franchisee acknowledges that there are no express or implied territorial rights or agreements between the parties except as stated in this Section."

3. Section 20.10.2 (No Reliance), Section 20.10.3 (Business Risk), and Section 20.10.4 (Disclosure) are hereby deleted from the Franchise Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the offering or sales activity relating to the Franchise Agreement occurred in Illinois and the Hotel that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is domiciled in Illinois.

2. **GOVERNING LAW**. Section 19.1 of the Franchise Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

3. **VENUE FOR LITIGATION**. The following sentence is added to the end of Section 19.2 ("Venue") of the Franchise Agreement:

Section 4 of the Illinois Franchise Disclosure Act states that "Any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 16.6 of the Franchise Agreement:

16.6 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void. Franchisee's rights upon termination and non-renewal of a franchise agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

5. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Maryland, and/or (b) the Hotel that Franchisee will operate under the Franchise Agreement will be located in Maryland.

2. **RELEASES**. The following is added to the end of Sections 14.1 and 14.3.1.5 of the Franchise Agreement:

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

3. **INSOLVENCY**. The following sentence is added to the end of Section 15.2.1 of the Franchise Agreement:

> Section 15.2.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **GOVERNING LAW**. The following sentence is added to the end of Section 19.1 ("Governing Law") of the Franchise Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. **VENUE FOR LITIGATION**. The following language is added to the end of Section 19.2 ("Venue") of the Franchise Agreement:

> Franchisee may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **LIMITATION OF CLAIMS**. The following language is added as Section 19.7 of the Franchise Agreement:

> 19.7 Franchisee must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after ESA grants Franchisee the franchise.

7. **GRANT OF LICENSE.** The following language is deleted from the last paragraph of Section 1 of the Franchise Agreement:

> "and Franchisee acknowledges that there are no express or implied territorial rights or agreements between the parties except as stated in this Section."

8. **NO RELIANCE.** Section 20.10.2 is hereby deleted from the Franchise Agreement.

9. **BUSINESS RISK.** Section 20.10.3 is hereby deleted from the Franchise Agreement.

10. **DISCLOSURE.** Section 20.10.4 is hereby deleted from the Franchise Agreement.

11. **ACKNOWLEDGMENTS**. The following is added as a new Section 20.12 to the end of the Franchise Agreement:

20.12. ACKNOWLEDGEMENTS.

All representations requiring Franchisee to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

12. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA"**) with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Hotel that Franchisee will operate under the Franchise Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Minnesota.

2. **RELEASES**. The following is added to the end of Sections 14.1 and 14.3.1.5 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. **RENEWAL, TRANSFER AND TERMINATION**. The following is added to the end of Sections 2, 14.3, 15.1 and 15.2 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, ESA will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement, and that consent to the transfer of the Agreement will not be unreasonably withheld.

4. **NOTIFICATION OF INFRINGEMENT AND CLAIMS**. The following sentence is added to the end of Section 9.3 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, ESA will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, costs or expenses arising out of any claims, suits or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

5. **LIQUIDATED DAMAGES**. The following sentence is added to the end of Section 16.3 of the Franchise Agreement:

> Minn. Stat. § 80C.21 and Minn. Rule 2860.4400(J) prohibit a requirement for Franchisee to consent to liquidated damages, termination penalties or judgment notes.

6. **GOVERNING LAW**. The following statement is added at the end of Section 19.1 of the Franchise Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR FRANCHISEE'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

7. **VENUE FOR LITIGATION**. The following language is added to the end of Section 19.2 of the Franchise Agreement:

NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT US, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF FRANCHISEE'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR FRANCHISEE'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

8. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 19.4 and 19.5 of the Franchise Agreement are deleted.

9. **LIMITATION OF CLAIMS**. The following language is added as Section 19.7 of the Franchise Agreement:

> 19.7 Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

10. **INJUNCTIVE RELIEF**. Section 19.3 of the Franchise Agreement is deleted and replaced with the following:

Nothing in this Agreement bars ESA's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm us, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Franchisee agrees that ESA may seek such injunctive relief. Franchisee agrees that its only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon due hearing, and Franchisee hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

11. **INTEREST ON LATE PAYMENTS**. Section 3.5 entitled "Interest on Late Payments" shall be amended to include the following language at the end of this section:

> The maximum allowable interest rate in Minnesota is 10% per annuum.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT FOR USE IN THE STATE OF NEW YORK

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, (the **"Franchise Agreement"**). This Rider is being signed because (a) Franchisee is domiciled in the State of New York and the Hotel that Franchisee will operate under the Franchise Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in New York.

2. **ESA'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 14.1 of the Franchise Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in ESA's good faith judgment, is willing and able to assume ESA's obligations under this Agreement.

3. **RELEASES**. The following language is added to the end of Sections 14.1 and 14.3.1.5 of the Franchise Agreement:

> Notwithstanding the foregoing all rights enjoyed by Franchisee and any causes of action arising in Franchisee's favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

4. **TERMINATION OF AGREEMENT - BY FRANCHISEE**. The following language is added as Section 15.4 of the Franchise Agreement:

> Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

5. **INJUNCTIVE RELIEF**. The following sentence is added to the end of Section 19.3:

> ESA's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

6. **GOVERNING LAW.** The following is added to the end of Section 19.1 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

7. **VENUE FOR LITIGATION**. The following statement is added at the end of Section 19.2 of the Franchise Agreement:

> This section shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20___ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of North Dakota and the Hotel that Franchisee will operate under the Franchise Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in North Dakota.

2. **RELEASES**. The following is added to the end of Sections 14.1 and 14.3.1.5 of the Franchise Agreement:

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

3. **GOVERNING LAW**. Section 19.1 of the Franchise Agreement is deleted and replaced with the following:

> EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND FRANCHISEE WILL BE GOVERNED BY THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

4. **VENUE FOR LITIGATION**. The following is added to the end of Section 19.2 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO FRANCHISEE'S MEDIATION AND ARBITRATION OBLIGATIONS, FRANCHISEE MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

5. **LIQUIDATED DAMAGES**. The following language is added to the end of Section 16.3 of the Franchise Agreement:

> NOTWITHSTANDING THE FOREGOING, THE NORTH DAKOTA SECURITIES COMMISSIONER HAS HELD THAT LIQUIDATED DAMAGES AND TERMINATION

PENALTIES ARE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES.

6. **WAIVER OF EXEMPLARY & PUNITIVE DAMAGES AND JURY BY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 19.4 and 19.5 of the Franchise Agreement are deleted.

7. **LIMITATION OF CLAIMS**. The following applies to Section 17.2 of the Franchise Agreement:

No provision of the Franchise Agreement shall be interpreted to accelerate any statute of limitations contained in any provision of the North Dakota Century Code.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA"**) with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Rhode Island and the Hotel that Franchisee will operate under the Franchise Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Rhode Island.

2. **NON-RENEWAL AND TERMINATION**. The following paragraph is added to the end of Sections 2, 15.1 and 15.2:

> Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / VENUE FOR LITIGATION**. The following language is added to the end of Sections 19.1 and 19.2 of the Franchise Agreement:

> SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT AND RELATED AGREEMENTS FOR USE IN WASHINGTON

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA"**) with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Washington; and/or (b) the Hotel that Franchisee will operate under the Franchise Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Franchise Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Franchise Agreement and related agreements:

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

3. **GRANT OF LICENSE.** The following language is deleted from the last paragraph of Section 1 of the Franchise Agreement:

and Franchisee acknowledges that there are no express or implied territorial rights or agreements between the parties except as stated in this Section.

4. **INDEMNIFICATION BY FRANCHISEE.** The following language is added to the end of Section 17.1 of the Franchise Agreement:

The Franchisee's indemnification obligation does not extend to liabilities caused by Franchisor's acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud.

5. **NO RELIANCE.** Section 20.10.2 is hereby deleted from the Franchise Agreement.

6. **BUSINESS RISK.** Section 20.10.3 is hereby deleted from the Franchise Agreement.

7. **DISCLOSURE.** Section 20.10.4 is hereby deleted from the Franchise Agreement.

8. **ADDITIONAL.** The following language is deleted from Section 20.10.7 of the Franchise Agreement:

With the exception of claims related to representations contained in the franchise disclosure document for the Brand, Franchisee, on Franchisee's own behalf and on behalf of, as applicable, Franchisee's officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge Franchisor and Franchisor's Affiliates and Franchisor's and Affiliates' respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between Franchisor and Franchisee before the Effective Date of this Agreement. This release will survive the termination of this Agreement.

9. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE FRANCHISE AGREEMENT
FOR USE IN WISCONSIN

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA"**) with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ (**"Franchisee"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Franchisee are parties to that certain Franchise Agreement dated _____, 20____ (the **"Franchise Agreement"**). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Wisconsin and the Hotel that Franchisee will operate under the Franchise Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Franchise Agreement occurred in Wisconsin.

2. **WISCONSIN LAW.** If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Franchise Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE RIDERS TO THE DEVELOPMENT AGREEMENT

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000 Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

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

2. **GOVERNING LAW**. Section 12.1 ("Governing Law") of the Development Agreement is deleted and replaced with the following:

Illinois law shall govern this Agreement.

3. **VENUE FOR LITIGATION**. The following sentence is added to the end of Section 12.2 ("Venue") of the Development Agreement:

> Section 4 of the Illinois Franchise Disclosure Act states that "Any provision in a franchise agreement which designates jurisdiction or venue in a forum outside of this State is void with respect to any cause of action which otherwise is enforceable in this State, provided that a franchise agreement may provide for arbitration in a forum outside of this State."

4. **ILLINOIS FRANCHISE DISCLOSURE ACT**. The following language is added as Section 12.6 of the Development Agreement:

> 12.6 Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.

5. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT
FOR USE IN MARYLAND

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20___ (the **"Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is domiciled in Maryland, and/or (b) the Hotels that Developer will operate and develop under the Development Agreement will be located in Maryland.

2. **VENUE FOR LITIGATION**. The following language is added to the end of Section 12.2 ("Venue") of the Development Agreement:

> Developer may bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. **INSOLVENCY**. The following sentence is added to the end of Section 7.1.1 of the Development Agreement:

> Section 7.1.1 may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

4. **GOVERNING LAW**. The following sentence is added to the end of Section 12.1("Governing Law") of the Development Agreement:

> Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern any claim arising under that law.

5. **LIMITATION OF CLAIMS**. The following language is added as Section 12.6 of the Development Agreement:

> Developer must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after ESA grants Developer the franchise.

6. **ACKNOWLEDGMENTS.** The following language is added as Section 12.7 of the Development Agreement:

> 12.7 All representations requiring Developer to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. **DISCLOSURE.** Section 13.9.1 is hereby deleted from the Development Agreement.

8. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT
FOR USE IN MINNESOTA

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20___ (the **"Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) the Hotels that Developer will operate and develop under the Development Agreement will be located in Minnesota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Minnesota.

2. **GOVERNING LAW**. The following statement is added at the end of Section 12.1 of the Development Agreement:

> NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80C OR DEVELOPER'S RIGHT TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

3. **VENUE FOR LITIGATION**. The following language is added to the end of Section 12.2 of the Development Agreement:

> NOTWITHSTANDING THE FOREGOING, MINN. STAT. SEC. 80C.21 AND MINN. RULE 2860.4400J PROHIBIT ESA, EXCEPT IN CERTAIN SPECIFIED CASES, FROM REQUIRING LITIGATION TO BE CONDUCTED OUTSIDE OF MINNESOTA. NOTHING IN THIS AGREEMENT WILL ABROGATE OR REDUCE ANY OF DEVELOPER'S RIGHTS UNDER MINNESOTA STATUTES CHAPTER 80.C OR DEVELOPER'S RIGHTS TO ANY PROCEDURE, FORUM OR REMEDIES THAT THE LAWS OF THE JURISDICTION PROVIDE.

4. **MUTUAL WAIVER OF JURY TRIAL AND PUNITIVE DAMAGES**. If and then only to the extent required by the Minnesota Franchises Law, Sections 12.4 and 12.5 of the Development Agreement are deleted.

5. **LIMITATION OF CLAIMS**. The following language is added as Section 12.6 of the Development Agreement:

> 12.6 Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

6. **RELEASE OF CLAIMS**. The following language is added as Section 12.7 of the Development Agreement:

12.7 Developer will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 - 80C.22.

7. **INJUNCTIVE RELIEF**. Section 12.3 of the Development Agreement is deleted and replaced with the following:

Nothing in this Agreement bars ESA's right to obtain specific performance of the provisions of this Agreement and seek injunctive relief against conduct that threatens to injure or harm ESA, the Marks or the System, under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. Developer agrees that ESA may seek such injunctive relief. Developer agrees that its only remedy if an injunction is entered against Developer will be the dissolution of that injunction, if warranted, upon due hearing, and Developer hereby expressly waives any claim for damages caused by such injunction. A court will determine if a bond is required.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE
ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT FOR USE IN THE
STATE OF NEW YORK

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20___ (the **"Development Agreement"**) that has been signed concurrently with this Rider. This Rider is being signed because (a) Developer is domiciled in the State of New York and the Hotels that Developer will operate and develop under the Development Agreement will be located in New York, and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in New York.

2. **ESA'S RIGHTS TO TRANSFER**. The following language is added to the end of Section 9.1 of the Development Agreement:

> However, to the extent required by applicable law, no transfer will be made except to an assignee that, in ESA's good faith judgment, is willing and able to assume ESA's obligations under this Agreement.

3. **TERMINATION OF AGREEMENT - BY DEVELOPER**. The following language is added as Section 7.6 of the Development Agreement:

> Developer also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **INJUNCTIVE RELIEF**. The following sentence is added to the end of Section 12.3:

> ESA's right to obtain injunctive relief exists only after proper proofs are made and the appropriate authority has granted such relief.

5. **GOVERNING LAW**. The following is added to the end of Section 12.1 ("Governing Law") of the Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

6. **VENUE FOR LITIGATION**. The following statement is added at the end of Section 12.2 ("Venue") of the Development Agreement:

> This section shall not be considered a waiver of any right conferred upon Developer by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT
FOR USE IN NORTH DAKOTA

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20___ (the **"Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is a resident of North Dakota and the Hotels that Developer will operate and develop under the Development Agreement will be located or operated in North Dakota; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in North Dakota.

2. **GOVERNING LAW**. Section 12.1 of the Development Agreement is deleted and replaced with the following:

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER UNITED STATES FEDERAL LAW, AND EXCEPT AS OTHERWISE REQUIRED BY NORTH DAKOTA LAW, THIS AGREEMENT, THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN ESA AND DEVELOPER WILL BE GOVERNED BY THE LAWS OF THE STATE OF NORTH CAROLINA WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY LAW REGULATING THE SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

3. **VENUE FOR LITIGATION**. The following is added to the end of Section 12.2 of the Development Agreement:

NOTWITHSTANDING THE FOREGOING, TO THE EXTENT REQUIRED BY THE NORTH DAKOTA FRANCHISE INVESTMENT LAW, AND SUBJECT TO DEVELOPER'S ARBITRATION OBLIGATIONS, DEVELOPER MAY BRING AN ACTION IN NORTH DAKOTA FOR CLAIMS ARISING UNDER THE NORTH DAKOTA FRANCHISE INVESTMENT LAW.

4. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Sections 12.4 and 12.5 of the Development Agreement are deleted.

5. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on

behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT
FOR USE IN RHODE ISLAND

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20____ (the **"Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is domiciled in Rhode Island and the Hotels that Developer will operate and develop under the Development Agreement will be located in Rhode Island; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Rhode Island.

2. **TERMINATION**. The following paragraph is added to the end of Sections 7.1 and 7.2:

Section 6-50-4 of the Rhode Island Fair Dealership Law includes the requirement that, in certain circumstances, a franchisee receive 90 days' notice of termination, cancellation, non-renewal or substantial change in competitive circumstances. The notice shall state all the reasons for termination, cancellation, non-renewal or substantial change in competitive circumstances and shall provide that the franchisee has 60 days in which to rectify any claimed deficiency and shall supersede the requirements of the Franchise Agreement to the extent they may be inconsistent with the Law's requirements. If the deficiency is rectified within 60 days the notice shall be void. The above-notice provisions shall not apply if the reason for termination, cancellation or nonrenewal is insolvency, the occurrence of an assignment for the benefit of creditors or bankruptcy. If the reason for termination, cancellation, nonrenewal or substantial change in competitive circumstances is nonpayment of sums due under the Franchise Agreement, Franchisee shall be entitled to written notice of such default, and shall have 10 days in which to remedy such default from the date of delivery or posting of such notice.

3. **GOVERNING LAW / VENUE FOR LITIGATION**. The following language is added to the end of Sections 12.1 and 12.2 of the Development Agreement:

SECTION 19-28.1-14 OF THE RHODE ISLAND FRANCHISE INVESTMENT ACT PROVIDES THAT "A PROVISION IN A FRANCHISE AGREEMENT RESTRICTING JURISDICTION OR VENUE TO A FORUM OUTSIDE THIS STATE OR REQUIRING THE APPLICATION OF THE LAWS OF ANOTHER STATE IS VOID WITH RESPECT TO A CLAIM OTHERWISE ENFORCEABLE UNDER THIS ACT." TO THE EXTENT REQUIRED BY APPLICABLE LAW, RHODE ISLAND LAW WILL APPLY TO CLAIMS ARISING UNDER THE RHODE ISLAND FRANCHISE INVESTMENT ACT.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE ESH STRATEGIES FRANCHISE LLC
DEVELOPMENT AGREEMENT AND RELATED AGREEMENTS
FOR USE IN WASHINGTON

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company ("**ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, North Carolina 28277, and _____ a _____ ("**Developer**"), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20____ (the **"Development Agreement"**) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is domiciled in Washington; and/or (b) the Hotels that Developer will operate and develop under the Development Agreement will be located or operated in Washington; and/or (c) any of the offering or sales activity relating to the Development Agreement occurred in Washington.

2. **WASHINGTON LAW**. The following paragraphs are added to the end of the Development Agreement and any related agreements:

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

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

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

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

3. **INDEMNIFICATION**. The following language is added to the end of Section 10 of the Development Agreement:

The Franchisee's indemnification obligation does not extend to liabilities caused by Franchisor's acts or omissions amounting to gross negligence, willful misconduct, strict liability, or fraud.

4. **DISCLOSURE**. Section 13.9.1 is hereby deleted from the Development Agreement.

5. **ADDITIONAL**. The following language is deleted from Section 13.13 of the Development Agreement:

With the exception of claims related to representations contained in the franchise disclosure document for the Brand, Franchisee, on Franchisee's own behalf and on behalf of, as applicable, Franchisee's officers, directors, managers, employees, heirs, administrators, executors, agents and representatives and their respective successors and assigns hereby release, remise, acquit and forever discharge Franchisor and Franchisor's Affiliates and Franchisor's and Affiliates' respective officers, directors, employees, managers, agents, representatives and their respective successors and assigns from any and all actions, claims, causes of action, suits, rights, debts, liabilities, accounts, agreements, covenants, contracts, promises, warranties, judgments, executions, demands, damages, costs and expenses, whether known or unknown at this time, of any kind or nature, absolute or contingent, existing at law or in equity, on account of any matter, cause or thing whatsoever that has happened, developed or occurred relating to this Agreement or the relationship between Franchisor and Franchisee before the Effective Date of this Agreement. This release will survive the termination of this Agreement.

6. No statement, questionnaire, or acknowledgment signed or agreed to by 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 ESA, franchise seller, or other person acting on behalf of ESA. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

FRANCHISEE

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

RIDER TO THE DEVELOPMENT AGREEMENT
FOR USE IN WISCONSIN

THIS RIDER (the "**Rider**") is made and entered into by and between **ESH STRATEGIES FRANCHISE LLC**, a Delaware limited liability company (**"ESA**") with its principal business address at 13024 Ballantyne Corporate Place, Suite 1000 Charlotte, North Carolina 28277, and _____ a _____ (**"Developer"**), whose principal business address is _____.

1. **BACKGROUND**. ESA and Developer are parties to that certain Development Agreement dated _____, 20____ (the **"Development Agreement"**). This Rider is annexed to and forms part of the Development Agreement. This Rider is being signed because (a) Developer is domiciled in Wisconsin and the Hotels that Developer will operate/develop under the Development Agreement will be located in Wisconsin; and/or (b) any of the offering or sales activity relating to the Development Agreement occurred in Wisconsin.

2. **WISCONSIN LAW.** If this Agreement is governed by the laws of the State of Wisconsin, then the provisions of the Wisconsin Fair Dealership Law, Wis. Stat. Chapter 135, will supersede any conflicting terms of this Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Rider as of the date of the Development Agreement.

ESA

ESH STRATEGIES FRANCHISE LLC

By:_____
Name:_____
Title:_____

Date:_____

DEVELOPER

(IF ENTITY):

_____
[Name]

By:_____
Name:_____
Title:_____

Date:_____

(IF INDIVIDUALS):

_____
[Signature]

_____
[Print Name]

_____
[Signature]

_____
[Print Name]

Date:_____

EXHIBIT H

FRANCHISEE GUARANTY

FRANCHISEE GUARANTY

In consideration of and as an inducement to **ESH Strategies Franchise LLC** a Delaware limited liability company ("**Franchisor**") to enter into that certain Franchise Agreement dated as of _____, 20___ (the "**Franchise Agreement**"), between Franchisor and _____, a(n) _____ ("**Franchisee**"), the undersigned individuals (each, a "**Guarantor**") jointly and severally, personally and unconditionally, do hereby: (a) guarantee to Franchisor, and its successor and assigns, that Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant in (1) the Franchise Agreement and (2) any ancillary agreement executed by Franchisee and Franchisor or an affiliate (or executed by Franchisee in favor of Franchisor or an affiliate) in connection with the Franchise Agreement, including but not limited to any agreement for the purchase of goods or services from Franchisor or any affiliate and any promissory note related to payments made to Franchisor or any affiliate (collectively, the "**Agreements**"); and (b) agree to be personally bound by, and personally liable for, each and every provision in the Agreements, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities including, without limitation, the requirements pertaining to confidentiality, transfers, and dispute resolution.

Each Guarantor waives: (1) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; and (4) any right the Guarantor may have to require that an action be brought against Franchisee or any other person as a condition of liability. Each Guarantor consents and agrees that: (1) such Guarantor's direct and immediate liability under this guaranty shall be joint and several; (2) such Guarantor shall render any payment or performance required under the Agreements upon demand if Franchisee fails or refuses punctually to do so; (3) liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (4) liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may grant to Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of each of the Agreements and following the termination, expiration or transfer of each of the Agreements to the extent any obligations under any such Agreements survive such termination, expiration or transfer.

Franchisor may require that the spouses of one or more Guarantors execute this guaranty. Each Guarantor represents and warrants that, if no signature appears below for such Guarantor's spouse, such Guarantor is either not married or, if married, is a resident of a state that does not require the consent of both spouses to encumber the assets of a marital estate or Franchisor has waived in writing any requirement that such spouse execute this guaranty.

Each Guarantor consents and agrees that:

(a) Guarantor's liability under this undertaking shall be direct, immediate, and independent of the liability of, and shall be joint and several with, Franchisee and the other owners and Guarantors of Franchisee;

(b) Guarantor shall render any payment or performance required under any of the Agreements upon demand if Franchisee fails or refuses punctually to do so;

(c) This undertaking will continue unchanged by the occurrence of any bankruptcy with respect to Franchisee or any assignee or successor of Franchisee or by any abandonment of one or more of the Agreements by a trustee of Franchisee. Neither the Guarantor's obligations to make payment or render

performance in accordance with the terms of this undertaking nor any remedy for enforcement shall be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release or limitation of the liability of Franchisee or its estate in bankruptcy or of any remedy for enforcement, resulting from the operation of any present or future provision of the U.S. Bankruptcy Act or other statute, or from the decision of any court or agency;

(d) Franchisor may proceed against Guarantor and Franchisee jointly and severally, or Franchisor may, at its option, proceed against Guarantor, without having commenced any action, or having obtained any judgment against Franchisee. Guarantor waives the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness or the performance of any obligation hereby guaranteed;

(e) This Guaranty shall be governed by and construed in accordance with the laws of the State of North Carolina; and

(f) Guarantor agrees to pay all reasonable attorneys' fees and all costs and other expenses incurred in any collection or attempt to collect amounts due pursuant to this undertaking or any negotiations relative to the obligations hereby guaranteed or in enforcing this undertaking against Guarantor.

Each Guarantor signs and delivers this Guaranty effective as of the date of the Franchise Agreement regardless of the actual date of signature.

GUARANTORS

Sign:_____
Print:_____

Sign:_____
Print:_____

Sign:_____
Print:_____

EXHIBIT I

FORM OF GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE ("**Release Agreement**") is effective as of the [DAY[day of [MONTH], [YEAR] ("**Effective Date**") by and among ESH Strategies Franchise LLC., a Delaware limited liability company ("**Franchisor**"), [FRANCHISEE]. a [JURISDICTION] [ENTITY TYPE] ("**Franchisee**"), [GUARANTOR] ("**Guarantor**" and together with Franchisee, jointly and severally, "**Releasor**").

RECITALS

A. Franchisor and Franchisee are parties to that certain [FRANCHISE AGREEMENT/DEVELOPMENT AGREEMENT], dated [DATE] (the "**Franchise Documents**");

B. Franchisee desires to [AMEND/ASSIGN] the Franchise Documents; and

C. This Release Agreement has been requested at a juncture in the relationship of the parties where the Franchisor is considering either a change or an expansion of the relationship between the parties and/or their affiliates. The Franchisor is unwilling to make the anticipated change or expansion in the relationship of the parties unless it is certain that it is proceeding with a "clean slate" and that there are no outstanding grievances or Claims against it. Releasor, therefore, gives this Release Agreement as consideration for receiving the agreement of the Franchisor to an anticipated change or expansion of the relationship between the parties. Releasor acknowledges that this Release Agreement is intended to wipe the slate clean.

AGREEMENT

NOW, THEREFORE, in consideration of the premises set forth above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Releasor and Franchisor hereby agree as follows:

1. Definitions. As used in this Release Agreement, the following capitalized terms have the meanings ascribed to them.

"**Claims**" means all actual and alleged claims, demands, Losses, charges, covenants, responsibilities, warranties, obligations, oral and written agreements, debts, violations, suits, counterclaims, cross claims, third party claims, accounts, liabilities, costs, expenses (including attorneys' fees and court costs), rights to terminate and rescind, rights of action and causes of action of any kind or nature, which in any way relate to or arise from or in connection with the Franchise Documents.

"**Franchisor Released Parties**" means Franchisor and each of its Constituents.

"**Constituents**" means past, present and future affiliates, parents, subsidiaries, divisions, partners, owners, shareholders, members, trustees, receivers, executors, representatives, administrators, and the respective officers, directors, agents, managers, principals, members, employees, insurers, successors, assigns, representatives and attorneys of each of them.

"**Excluded Matters**" means Franchisor's continuing contractual obligations which arise or continue under and pursuant to the Franchise Documents on and after the date of this Release Agreement; and

"**Losses**" means all damages, liabilities, accounts, suits, awards, judgments, payments, diminutions in value and other losses, costs and expenses, however suffered or characterized, including interest, costs and expenses of investigating and prosecuting any Claim, reference proceeding, lawsuit, arbitration or any appeal; all associated actual attorneys' fees, whether or not the Claim, reference proceeding, lawsuit or arbitration is ultimately defeated and, all amounts paid to compromise or settle of any Claim, reference proceeding, lawsuit or arbitration.

General Release. Releasor for itself and its Constituents, hereby releases and forever discharges the Franchisor Released Parties from any and all Claims, whether known or unknown, based upon anything that has occurred or existed, or failed to occur or exist, from the beginning of time to the Effective Date, except for the Excluded Matters and the obligations under this Release Agreement.

Waiver of California Civil Code Section 1542.

a) Releasor, for itself and its Constituents, acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads as follows:

b) A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

c) With respect to those Claims being released pursuant to Section 2, Releasor, for itself and its Constituents, acknowledges that it is releasing unknown claims and waives all rights it has or may have under California Civil Code Section 1542 or any similar state or local statute or ordinance under applicable law or other common law principle of similar effect. For purposes of this Section 3, Releasor shall be considered to be a creditor of the Franchisor Released Parties, and each of them.

d) Releasor acknowledges that this general release extends to claims which Releasor does not know or suspect to exist in favor of Releasor at the time of executing this Release Agreement, which if known by Releasor may have materially affected its decision to enter into this Release Agreement. It is understood by Releasor that the facts in respect of which this Release Agreement is given may hereafter turn out to be other than or different from the facts in that connection known or believed to be true. Releasor therefore, expressly assumes the risk of the facts turning out to be so different and agrees that this Release Agreement shall be in all respects effective and not subject to termination or rescission by any such difference in facts.

4. Representations and Warranties. Releasor represents and warrants to Franchisor that, in entering into this Release Agreement, it (i) is doing so freely and voluntarily upon the advice of counsel and business advisor of its own choosing (or declined to do so, free from coercion, duress or fraud); (ii) has read and fully understands the terms and scope of this Release Agreement; (iii) realizes that it is final and conclusive, and intends to be final and conclusive, as to the matters set forth in this Release Agreement; and (iv) has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the Claims which are called for to be released by this Release Agreement, that it is aware of no third party who contends or claims otherwise, and that it shall not purport to assign, transfer, or convey any such claim in the future.

5. Covenants Not to Sue. Releasor irrevocably covenants to refrain and cause each of its Constituents to refrain from asserting any Claim, or commencing, initiating or causing to be commenced, any proceeding of any kind against any Franchisor Released Party, based upon any matter purported to be released pursuant to this Release Agreement.

6. Indemnity. Without in any way limiting any of the rights and remedies otherwise available to any Franchisor Released Party, Releasor shall defend, indemnify and hold harmless each Franchisor Released Party from and against all Claims whether or not involving third party Claims, arising directly or indirectly from or in connection with (i) the assertion by or on behalf of Releasor or its Constituents of any Claim or other matter purported to be released pursuant to this Release Agreement, (ii) the assertion by any third party of any Claim against any Franchisor Released Party which Claim arises from, or in connection with, any Claim or other matter purported to be released pursuant to this Release Agreement; and (iii) any breach of representations, warranties or covenants by Releasor.

7. Miscellaneous.

a) This Release Agreement cannot be modified, altered or otherwise amended except by an agreement in writing signed by all of the parties hereto.

b) This Release Agreement, together with the agreements referenced in this Release Agreement, constitute the entire understanding between and among the parties with respect to the subject matter of this Release Agreement. This Release Agreement supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. No representations, warranties, agreements or covenants have been made with respect to this Release Agreement, and in executing this Release Agreement, none of the parties is relying upon any representation, warranty, agreement or covenant not set forth in this Release Agreement.

c) This Release Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

d) This Release Agreement shall be binding upon and inure to the benefit of the parties to this Release Agreement and their respective successors and permitted assigns.

e) All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Release Agreement may require. Neither this Release Agreement nor any uncertainty or ambiguity in this Release Agreement shall be construed or resolved against the drafter, whether under any rule of construction or otherwise. On the contrary, this Release Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties. If any provision of this Release Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision shall be given the meaning that renders it enforceable.

f) Any provision of this Release Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

g) Each of the parties acknowledges that it had the right and opportunity to seek independent legal counsel of its own choosing in connection with the execution of this Release Agreement, and each of the parties represents that it has either done so or that it has voluntarily declined to do so, free from coercion, duress or fraud.

h) This Release Agreement shall be governed by and construed in accordance with the laws of the State of North Carolina.

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

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused their duly authorized representatives to execute this Release Agreement as of the Effective Date.

FRANCHISOR:	**FRANCHISEE**:
ESH STRATEGIES FRANCHISE LLC	[FRANCHISE NAME]
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

EXHIBIT J
LIST OF FRANCHISEES

EXTENDED STAY AMERICA PREMIER SUITES FRANCHISEES OPEN AND OPERATING AS OF DECEMBER 31, 2022

Entity Name[1]	Phone	Address	City, State, Zip Code
TWC Independence LLC	415-509-0925	6025 Jefferson Drive	Independence, OH 44131
TWC Cranberry LLC	415-509-0925	136 Emeryville Drive	Cranberry, PA 16066

EXTENDED STAY AMERICA PREMIER SUITES FRANCHISEES WITH FRANCHISE AGREEMENTS THAT WERE NOT YET OPEN AS OF DECEMBER 31, 2022

Entity Name	Phone	Address	City, State, Zip Code
1929 Hospitality LLC	602-615-6485	NE Intersection of S 253rd & W Durango St	Buckeye, AZ 85326
Apollo V Development Group, LLC	760-622-8724	24550/24556 Sunnymead Blvd	Moreno Valley, CA 92553
Vicotel, LLC	760-686-1713	Mariposa Road	Victorville, CA 92395
Integrated Hospitality Construction, LLC	815-762-0302	4020 Center Park Drive	Colorado Springs, CO 80916
Integrated Hospitality Construction, LLC	815-762-0302	7101 Tower Road	Denver Airport, CO 80249
Integrated Hospitality Construction, LLC	815-762-0302	6020 North Elizabeth Street	Pueblo, CO 81008
Mystic Sahajanand LLC	860-710-6349	321 Liberty Street	Pawcatuck, CT 06379
Ft. Myers Hotel, LLC	305-669-3123	4320 Executive Circle	Ft. Myers, FL 33916
Turnstone 6 Mile LLC	404-477-6801	14761 Hope Center Loop	Ft. Myers, FL 33912
Santa Rosa Mall Hotel, LLC	404-324-1898	Outparcel at Santa Rosa Mall, East Hollywood Blvd	Mary Ester, FL 32569
Liberty Development, LLC	321-662-3681	12100 Challenger Parkway	Orlando, FL 32826
Sunshine Fund I, LP	407-965-8797	11409 Marbella Palms Court	Orlando, FL 32836
Sunshine Fund I, LP	407-965-8797	11409 Marbella Palms Court	Orlando, FL 32836
Sunshine Fund I, LP	407-965-8797	11409 Marbella Palms Court	Orlando, FL 32836
AHG PCB LLC	404-859-8909	298 Thomas Drive	Panama City Beach, FL 32408
AHG Pensacola LLC	404-859-8909	4034 Barrancas Avenue	Pensacola, FL 32507
Sunshine Fund Villages, LLC	407-965-8797	5917 E. Co Road 462 (Cleveland Rd)	Wildwood, FL 34785
Greenway Hospitality Group, LLC	706-284-0362	1940 Epps Bridge Rd	Athens, GA 30606
Greenway Hospitality Group, LLC	706-284-0363	940 Walker Street	Augusta, GA 30901
Green Street Hotel LLC	404-543-0929	1294 Green Street SE	Conyers, GA 30012

1008 Tom Chapman LLC	478-284-9109	1008 Tom Chapman Road	Warner Robins, GA 31093
RH Extended Stay Developments, LLC	214-522-3300	3437 East Pine Avenue	Meridian, ID 83642
BASK Development, Inc.	847-772-8859	400 South Main Place	Carol Stream, IL 60188
BASK Development, Inc.	847-772-8859	1375 Remington Road, Ste E	Schaumburg, IL 60173
BASK Development, Inc.	847-772-8859	1375 Remington Road, Ste E	Schaumburg, IL 60173
BASK Development, Inc.	847-772-8859	1375 Remington Road, Ste E	Schaumburg, IL 60173
BASK Development, Inc.	847-772-8859	1375 Remington Road, Ste E	Schaumburg, IL 60173
Integrated Hospitality Construction LLC	815-762-0302	1375 Remington Road, Ste E	Schaumburg, IL 60173
Integrated Hospitality Construction, LLC	815-762-0302	1862 East Main Street	Greenwood, IN 46143
Rimrock Hospitality Belgrade, LLC	904-240-1388	SE Corner of Jackrabbit Lane and Frank Road	Belgrade, MT 59714
TGC Asheville, LLC	316-260-9088	33 Rocky Ridge	Asheville, NC 28806
RH Extended Stay Developments, LLC	214-522-3300	930 Sgt Asbury Hawn Way	Smyrna, TN 37167
MAIAH, LP	832-452-2414	Medical Center Blvd & FM 65	Port Arthur, TX 77640
Kara Charlottesville, LLC	804-400-1322	3400 Berkmar Drive	Charlottesville, VA 22901
Kara Fredericksburg LLC	804-400-1322	1065 Hospitality Lane	Fredericksburg, VA 22401
Kara Harrisonburg, LLC	804-400-1322	Stone Port Blvd	Harrisonburg, VA 22801
CIS Kenosha, LLC	248-495-8141	S Airport Rd & Kinzie Ave	Mt. Pleasant, WI 53126

EXECUTED EXTENDED STAY AMERICA PREMIER SUITES DEVELOPMENT AGREEMENTS AS OF DECEMBER 31, 2022

Entity Name	Phone	Address	City, State, Zip Code
Concord WP COL GP Holdings II LLC	919-455-2810	11410 Common Oak Drive	Raleigh, NC 27614

EXTENDED STAY AMERICA PREMIER SUITES FRANCHISED HOTELS TERMINATED, CANCELED, NOT RENEWED, OTHERWISE CEASED DOING BUSINESS, TRANSFERRED, OR NOT COMMUNICATED WITHIN 10 WEEKS OF THE ISSUANCE DATE

NONE

EXTENDED STAY AMERICA PREMIER SUITES DEVELOPMENT AGREEMENTS TERMINATED

NONE

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	**Effective Date**
California	May 22, 2023 (Exemption)
Hawaii	Pending
Illinois	March 30, 2023 (Exemption)
Indiana	Pending
Maryland	Pending
Michigan	March 28, 2023
Minnesota	April 28, 2023
New York	March 28, 2023 (Exemption)
North Dakota	April 4, 2023
Rhode Island	March 25, 2023
South Dakota	March 28, 2023
Virginia	March 29, 2023
Washington	March 28, 2023 (Exemption)
Wisconsin	March 28, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT (Your Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If ESH Strategies Franchise LLC offers you a franchise, it must provide this Disclosure Document to you 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 (or sooner if required by applicable state law).

New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If ESH Strategies Franchise LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and the state agency listed on Exhibit F.

The franchisor is ESH Strategies Franchise, LLC, located at 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277. Its telephone number is: (844) 542-4148.

The name, principal business address, and telephone number of the franchise seller(s) offering this franchise is/are:

☐ Mark Williams, 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277, (844) 542-4148.

☐ _____.

Issuance Date: March 28, 2023

See Exhibit F for ESH Strategies Franchise LLC's registered agents authorized to receive service of process.

I received a Disclosure Document dated March 28, 2023 that included the following Exhibits:

A. Franchise Agreement	G. State Addenda to FDD, Riders to Franchise Agreement & State Riders to Development Agreement
B. Development Agreement	H. Franchisee Guaranty
C. Hotel Technology Agreement	I. Form of General Release
D. Financial Statements	J. List of EXTENDED STAY AMERICA PREMIER SUITES Franchisees as of December 31, 2022
E. Brand Standards Table of Contents	
F. List of State Agencies/Agents for Service of Process	

Date Disclosure Document Received: _____
(Do Not Leave Blank)

_____
Signature of Prospective Franchisee

Print Name: _____
Entity Name: _____
Date: _____

Please sign and date this receipt. You may keep this copy for your records.

RECEIPT (Our Copy)

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain English. Read this Disclosure Document and all agreements carefully.

If ESH Strategies Franchise LLC offers you a franchise, it must provide this Disclosure Document to you 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 (or sooner if required by applicable state law).

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Date Disclosure Document Received: _____
(Do Not Leave Blank)

_____
Signature of Prospective Franchisee

Print Name: _____
Entity Name: _____
Date: _____

Please sign and date this receipt and return to Franchise Development, ESH Strategies Franchise, LLC, 13024 Ballantyne Corporate Place, Suite 1000, Charlotte, NC 28277.