

FRANCHISE DISCLOSURE DOCUMENT



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Thank you for your interest in franchising a hotel under the Extended Stay America brand. Extended Stay America hotels serve the mid-priced extended stay segment and are designed to provide an affordable and attractive alternative to traditional lodging or apartment accommodations for self-sufficient, value conscious guests. This Disclosure Document describes our franchise offering. If you are interested in developing multiple Extended Stay America hotels, this Disclosure Document also describes the terms of the Development Agreement that we offer.

The total investment necessary to begin operation of a newly constructed Extended Stay America hotel, excluding real property, is \$9,384,500 to \$11,999,000, including up to \$125,500 that must be paid to us or our affiliates.

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

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.

Issued on August 1, 2017

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in Exhibit H for information about the franchisor, about other franchisors, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise.

1. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE JUDICIAL DISTRICT IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY, CHARLOTTE, NORTH CAROLINA) AT THE TIME THE ACTION OR PROCEEDING IS INITIATED, UNLESS WE SUE YOU WHERE THE HOTEL IS LOCATED. IT MAY COST MORE TO SUE US IN NORTH CAROLINA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT NORTH CAROLINA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

See the next page for state effective dates.

STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file, or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	_____, 20__
Hawaii	_____, 20__
Illinois	_____, 20__
Indiana	_____, 20__
Maryland	_____, 20__
Michigan	_____, 20__
Minnesota	_____, 20__
New York	_____, 20__
North Dakota	_____, 20__
Rhode Island	_____, 20__
South Dakota	_____, 20__
Virginia	_____, 20__
Washington	_____, 20__
Wisconsin	_____, 20__

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of August 1, 2017.

Exhibit I provides special provisions that relate to franchise offerings or sales in each referenced state. The provisions of the appendices may supersede the language in the text of this Franchise Disclosure Document.

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