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Return to:
C. Brown
109 N. 20th St
Birmingham, AL 35203

COLLATERAL ASSIGNMENT OF TENANT'S INTEREST IN LEASE

THIS COLLATERAL ASSIGNMENT (this "Collateral Assignment") is entered into by and among DALTON EDUCATIONAL CONCEPTS, INC., an Alabama corporation ("Franchisee"), SLCK PROPERTIES, LLC, an Alabama limited liability company ("Landlord") and PRIMROSE SCHOOL FRANCHISING COMPANY, a Georgia corporation ("Primrose"), this 30th of July, 2010;

Background

Franchisee and Primrose have entered into that certain Franchise Agreement, dated July 30th, 2010, with respect to the operation by Franchisee of a Primrose School (the "Franchise Agreement"). Franchisee wishes to operate its Primrose School at certain premises owned by Landlord in Shelby County, Alabama as described on Exhibit A (the "Premises"), and Landlord and Franchisee have, on or about the date hereof, entered into a certain lease agreement (the "Lease") with respect to the Premises. Primrose desires, as a condition to approving the Lease and making various accommodations to Franchisee under the Franchise Agreement, to be granted this Collateral Assignment and the protections contained herein, which are intended to, among other things, enable Primrose to continue the operation of a Primrose School on the Premises notwithstanding any termination of the Franchise Agreement. Franchisee and Landlord wish to enter into this Collateral Assignment in order to induce Primrose to approve the Lease and the Premises and, in the instance of Franchisee, in order to induce Primrose to provide to Franchisee various other accommodations and approvals under the Franchise Agreement.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the mutual covenants contained herein and in the Franchise Agreement, the sum of Ten Dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Franchisee, Landlord and Primrose agree as follows:

1. Collateral Assignment. Franchisee hereby grants, transfers and assigns to Primrose all of Franchisee's right, title, and interest as the tenant or lessee in, to and under the Lease and any renewals, extensions, novations or substitutes thereof (including, without limitation, any renewals or

extensions thereof as set forth in Section 5.b hereof) and in and to the Premises, including, but not limited to, the right of use and occupancy of the Premises under the Lease.

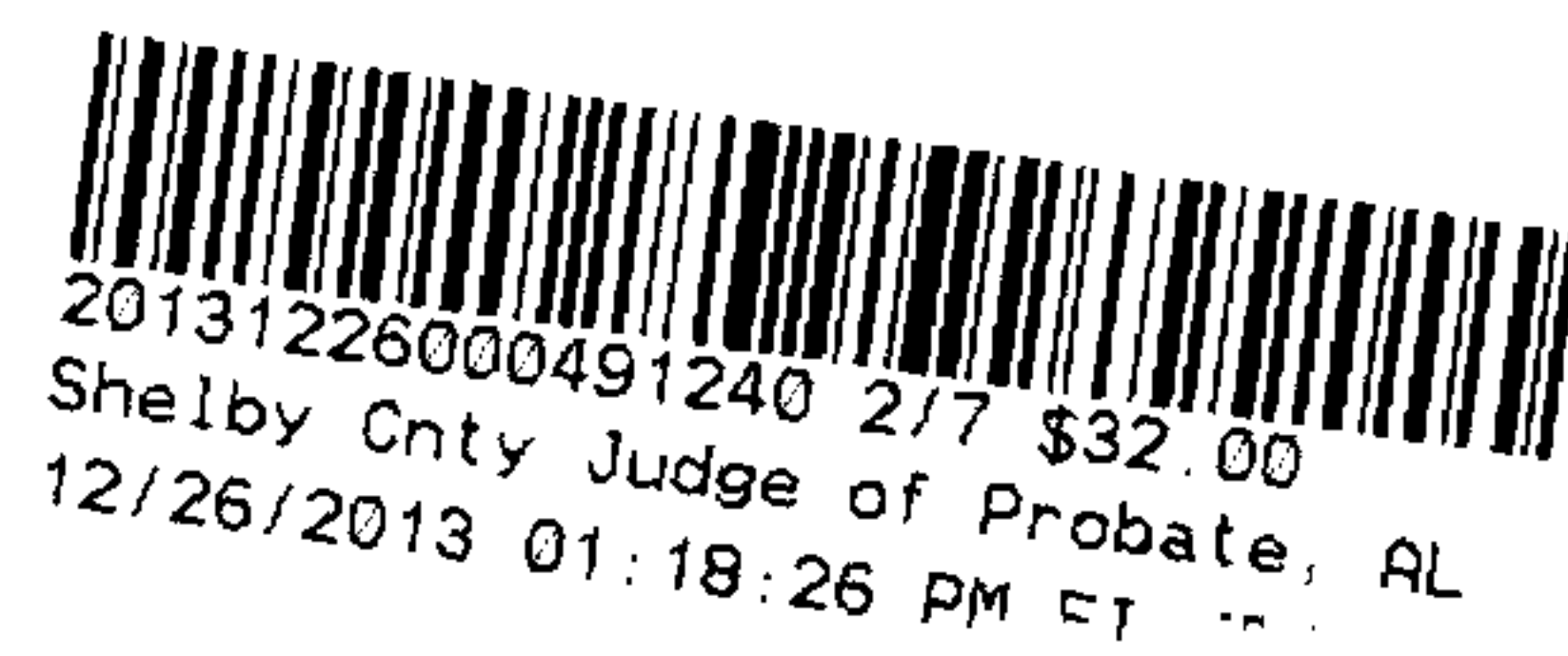
2. Purpose of Assignment. This Collateral Assignment is given as collateral for the purpose of securing the performance and discharge by Franchisee of each and every obligation, covenant, duty and agreement contained in (i) this Collateral Assignment, (ii) the Franchise Agreement, and (iii) any other agreement entered into by and between Primrose and Franchisee or its principals or affiliates or any related party, including without limitation any promissory note, deed to secure debt, deed of trust, mortgage or other evidence of, or collateral for, any indebtedness or any other obligation in any way related to the Franchise Agreement (all such obligations described in this Section 2 being hereinafter collectively referred to as the "Obligations"). Primrose hereby grants to Franchisee a license to possess, use and enjoy the Premises as the tenant under the Lease, such license to be automatically revoked upon Primrose exercising its rights under Section 4 hereof.

3. Covenants of Franchisee and Landlord. Franchisee and Landlord covenant with Primrose to observe and perform all of the obligations imposed upon them under the Lease and not to do or permit to be done anything to impair the existence and validity of the Lease or the security of Primrose hereunder; and not to execute or permit any other sublease or assignment of the tenant's interest under the Lease; and not to modify or amend the Lease in any respect without Primrose's prior written consent. Franchisee covenants to preserve Franchisee's rights as the tenant under the Lease and, where necessary, to extend the term of the Lease for the full term of the Franchise Agreement, as such term may be extended from time to time. Any actions taken in violation of this Section 3 shall be void at Primrose's Option.

4. Default. Upon or at any time after default in the performance of any of the Obligations, default under any of the agreements underlying the Obligations (including, but not limited to, the Franchise Agreement), or default by Franchisee under the Lease, Primrose may, at its option, without in any way waiving such default, upon five (5) days notice to Franchisee and Landlord, with or without bringing any action or proceeding, or by a receiver appointed by a court, take possession of the Premises as the tenant under the Lease and, subject to the terms of the Lease (as modified pursuant to the terms of this Collateral Assignment) have, hold, use, occupy, lease, sublease, assign or operate the Premises on such terms and for such period of time as Primrose may deem proper. Franchisee shall indemnify and hold Primrose harmless from and against, and Landlord hereby releases Primrose from, any and all claims, actions, damages and expenses (including, without limitation, attorneys' fees) arising (i) out of Franchisee's failure to perform under the Lease or any breach by Franchisee of the Lease or of this Collateral Assignment, and (ii) in connection with the Lease prior to Primrose's taking possession of the Premises pursuant to this Section 4. The exercise by Primrose of the option granted it in this Section 4 shall not be considered a waiver by Primrose of any default by Franchisee under the Obligations or under the Lease.

5. Landlord's Agreements.

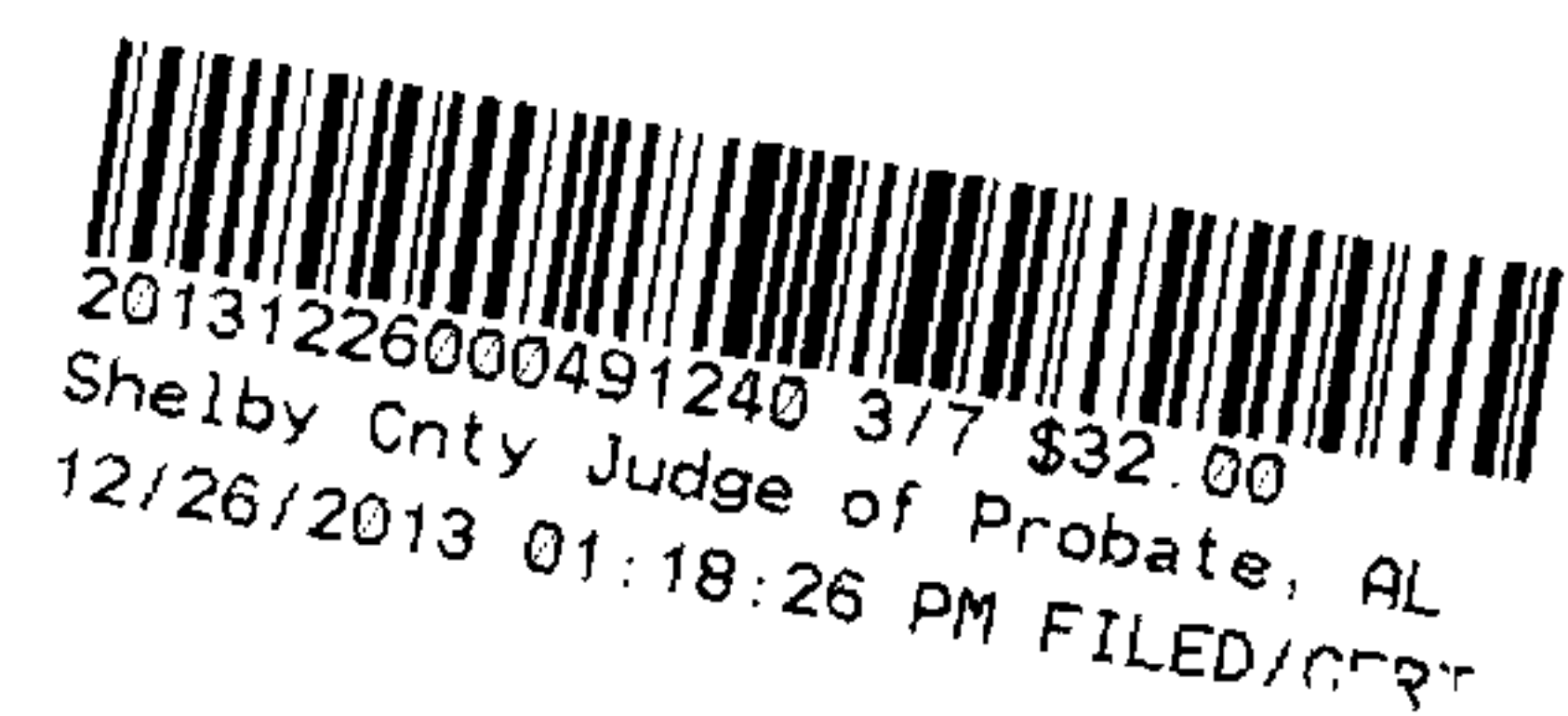
a. Consent. Landlord executes this Collateral Assignment in order to give its consent to the assignment granted herein and to covenant that in the event of a default by Franchisee under the Lease, Landlord will give Primrose written notice thereof and permit Primrose to exercise, within fifteen (15) days of the expiration of all cure periods for such default under the Lease, its rights under Section 4 hereof to occupy and use the Premises as the tenant under the Lease (as modified pursuant to the terms of this Collateral Assignment). Landlord agrees that Franchisee, and not Primrose or its sublessees or assigns, shall be responsible for all obligations and liabilities of the tenant under the Lease prior to the occupation and use of the Premises by Primrose. This Collateral Assignment is hereby incorporated by reference into the Lease and shall bind Landlord and any and all successors of Landlord in title to the Premises, and Landlord agrees, as a condition to the effectiveness of any transfer of any title to the Premises, to obtain a written agreement from the transferee that the transferee shall be bound hereby.



b. Term of Lease. This Section 5.b shall apply only if Landlord and Franchisee are or hereafter become affiliates of one another, owned or controlled by the same persons or entities or otherwise closely related in ownership or control. In the event that the term of the Lease is shorter than the term of the Franchise Agreement, including any renewals of the Franchise Agreement, at the option of Primrose (exercised by written notice to Landlord) the term of the Lease shall be automatically extended to be coterminous with the term of the Franchise Agreement, as extended or renewed from time to time. Although no further documentation shall be required to evidence such extension, Landlord agrees to confirm the extension in writing if so requested by Primrose.

c. Amendment of Lease. This Section 5.c shall apply only if Landlord and Franchisee are or hereafter become affiliates of one another, owned or controlled by the same persons or entities or otherwise closely related in ownership or control. In the event Primrose takes possession of the Premises pursuant to Section 4 hereof, at the option of Primrose, the Lease shall be amended by Primrose and Landlord entering into an amendment thereto (hereinafter the "Amendment") pursuant to which: (i) the Lease shall be modified so that all of its terms are consistent with commercially reasonable triple-net leases then being entered into in connection with facilities similar to the Premises in the Metropolitan Atlanta area; and (ii) the rental and other amounts due under the Lease, whether base rental or additional rental of any nature, shall be modified to reflect the fair market rental value of the Premises under the Lease as modified pursuant to subpart 5.c.(i) hereof. Such fair market rental value shall be determined based on the rental then being charged in connection with facilities similar to the Premises in the Metropolitan Atlanta area.

Primrose shall be entitled to exercise its option to enter into the Amendment at any time after taking possession of the Premises, by delivering to Landlord a proposed form for the Amendment, and Landlord agrees not to unreasonably withhold or delay its consent thereto and execution thereof. Primrose and Landlord agree to attempt in good faith to negotiate and enter into the Amendment. If Landlord and Primrose are unable to agree on the terms of the Amendment within fifteen (15) days after the date Primrose provides Landlord its proposed form for the Amendment, the terms of the Amendment shall be determined by arbitration in accordance with the following procedure. Within ten (10) days after the aforesaid fifteen (15) day negotiation period, Landlord and Primrose shall each appoint a disinterested, qualified real estate professional (such as a real estate attorney or MAI appraiser) and give notice of the name and address of such arbitrator to the other. The arbitrators thus appointed shall, within five (5) days, appoint a third (3rd) disinterested, qualified real estate professional, and such third arbitrator shall, within thirty (30) days after being appointed, determine the terms of the Amendment and prepare the form thereof for execution. The decision of the third arbitrator shall be conclusive and binding on Primrose and Landlord and shall be enforceable in any court having jurisdiction. Primrose and Landlord shall promptly execute the Amendment in the form prepared and on the terms prescribed by the third arbitrator, and, if either refuses, the Amendment so prescribed shall nonetheless be binding. If either party fails or neglects to appoint an arbitrator within the time period required, then the arbitrator selected by the other party shall be the sole arbitrator and shall on its own determine the terms of and prepare the Amendment. If the two arbitrators appointed by the parties shall fail within five (5) days to appoint the third arbitrator, then either party may apply to any court of competent jurisdiction to appoint such arbitrator. The expenses of the arbitration shall be shared by Primrose and Landlord equally or in any other manner decided by the third arbitrator, it being the intent of the parties that, if said arbitrator should determine either party to have been unreasonable, then such party shall bear all of the costs of the arbitration. The parties hereto agree to sign all documents and to do all other things necessary to submit the determination of the terms of the Amendment to the aforesaid arbitrators, and further agree, and hereby do, waive any and all rights they may have to revoke this agreement. Prior to entry into the Amendment, during the aforesaid negotiation and arbitration periods and thereafter, the terms of the Amendment first proposed by Primrose shall govern the relationship between Primrose and Landlord and the rental due shall be the rental set out in said proposed Amendment. Upon actual execution of the Amendment, an equitable adjustment shall be made



between Primrose and Landlord to reflect the rental that would have been due if the Amendment finally executed had been executed on the date Primrose elected to have the Lease amended as aforesaid.

d. Franchise Materials. Upon the termination of the Lease for any reason, Landlord will assist Primrose in retrieving for Primrose any and all Primrose School materials which the Franchisee is required to return to Primrose under the Franchise Agreement, including, without limitation, the Primrose School Confidential Operations Manual(s) and any other confidential information and trade secret information of Primrose, as defined in the Franchise Agreement. Landlord acknowledges Primrose's ownership rights in such materials and agrees that Landlord is not entitled to retain such materials as its property.

e. Franchise Improvements. Upon the termination of the Lease for any reason, Primrose shall be entitled, within thirty (30) days after any such termination, to delete or remove any signs and other improvements containing the trademarks, service marks, symbols, logos, emblems and other distinctive features of the Primrose School system, so long as Primrose promptly repairs, at its sole expense, any damage caused thereby.

f. Subleasing; Miscellaneous. Notwithstanding any provision of the Lease, Landlord agrees that Primrose may sublease or assign all or any of its interest in the Lease to a franchisee of Primrose which meets Primrose's franchisee qualifications. Upon taking possession of the Premises under Section 4 hereof, Primrose shall, notwithstanding any provision of the Lease to the contrary, have the full power to make from time to time all alterations, renovations, repairs or replacements thereto or thereof as may seem proper to Primrose. In such event, Primrose may also offset against any rents, income, and other amounts profits due Landlord (i) any and all amounts due Primrose by Landlord and (ii) if Landlord is now or later becomes an affiliate (as defined in Sections 5.b and 5.c hereof) of Franchisee, any and all amounts due Primrose by Franchisee or its affiliate pursuant to any of the Obligations or otherwise, together with all costs and attorneys' fees related to any of items (i) or (ii) described above.

6. Governing Law. This Collateral Assignment is to be construed in all respects and enforced according to the laws of the State of Alabama.

IN WITNESS WHEREOF, the undersigned parties have hereto set their hands and affixed their seals on the date and year first above written.

[SIGNATURES BEGIN ON NEXT PAGE]

FRANCHISEE:

DALTON EDUCATIONAL CONCEPTS, INC.,
an Alabama corporation

Jennifer Hochridge
WITNESS

By: [Signature]
Name: Ralph E. Dalton
Title: President

[SEAL]

STATE OF ALABAMA
COUNTY OF SHELBY

This instrument was acknowledged before me on the 30th day of July, 2010 by
Ralph E. Dalton, President of Dalton Educational Concepts, Inc.,
an Alabama corporation.

(Notary Seal)

[Signature]
Notary Public in and for the State of Alabama
My Commission Expires: 12/14/2012

LANDLORD:

SLCK PROPERTIES, LLC,
an Alabama limited liability company

Jennifer Hochridge
WITNESS

By: [Signature]
Name: Ralph E. Dalton
Title: Managing Member

[SEAL]

STATE OF ALABAMA
COUNTY OF SHELBY

This instrument was acknowledged before me on the 30th day of July, 2010 by
Ralph E. Dalton, Managing Member of SLCK Properties, LLC., an Alabama
limited liability company.

(Notary Seal)

[Signature]
Notary Public in and for the State of Alabama
My Commission Expires: 12/14/2012

[Signature]
WITNESS

PRIMROSE:

PRIMROSE SCHOOL FRANCHISING COMPANY

By: [Signature]
Name: President & CEO
Title: Jo Kirchner
[SEAL]

STATE OF GEORGIA
COUNTY OF PAULDING

This instrument was acknowledged before me on the 27th day of July, 2010 by Jo Kirchner, President & CEO of Primrose School Franchising Company, a Georgia corporation.



Kami J Heaton
Notary Public in and for the State of Georgia
My Commission Expires: May 18, 2014

[Signature] As of the date hereof, Landlord and Franchisee [are] [are not] affiliates of one another for the purposes of Section 5.b, 5.c, and 5.f hereof.


To be initialed by the parties: [Initials] [Initials]

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EXHIBIT A

LEGAL DESCRIPTION OF PROPERTY PRIMROSE SCHOOL OF MEADOW BROOK

Lot 11A-2, according to Meadow Brook Corporate Park South, Phase II, Resurvey No. 9, being a resurvey of Lot 11A-1 (being a resurvey of Lots 11-A and 11-B) as recorded in Map Book 28, Page 59 in the Office of the Judge of Probate of Shelby, County, Alabama.


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