

**FRANCHISE DISCLOSURE DOCUMENT**

**BEE & TEA INC**  
**A California Corporation**  
**16130 Juan Hernandez Dr., Ste. 110, Morgan Hill, CA 95037**  
**(408) 630-1510**  
**franchise@beeteashop.com**  
**www.beeteashop.com**

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DEPARTMENT OF  
BUSINESS OVERSIGHT  
SAN FRANCISCO

The franchise is for the right to develop, own and operate a retail store specializing in the sale of premium Taiwanese Boba Tea beverages and Baos, which are steamed, soft, sweet buns stuffed with fresh ingredients such as barbecued pork, chicken, vegetables and dessert fillings. Bee & Tea stores offer a variety of complementary snack foods and beverages with flavorings, sweeteners and topping choices for each guest's Boba Tea. Bee & Tea Inc. may also offer qualified candidates the right, under a Multi-Unit Agreement, to acquire multiple franchises.

The total investment necessary to begin operation of a Bee & Tea Store ranges from \$147,500 to \$287,100. This sum includes \$49,300 to \$57,600 payable to us or our affiliates. The total investment will increase if the franchisee chooses to enter into a Multi-Unit Agreement for multiple franchises, the increase being as follows: For a 3 unit agreement the total investment will increase by \$275,000 to \$554,200. For a 4 unit agreement the total investment will increase by \$402,500 to \$821,300. For a 5 unit agreement, the total investment will increase by \$520,000 to \$1,078,400.

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, Bee & Tea Inc. or an 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 Haig Kouyoumdjian PhD, Bee & Tea Inc., 16130 Juan Hernandez Dr., Ste. 110, Morgan Hill, CA 95037, (408) 630-1510. Dr. Kouyoumdjian also serves as Bee & Tea Inc.'s agent for service of process at the same address.

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

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "A Consumer's Guide to Buying a Franchise," which can help you understand how to use this Disclosure Document, is available from the

Federal Trade Commission You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D C 20580 You can also visit the FTC's home page at [www.ftc.gov](http://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 1, 2018

## 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 A for information about Bee & Tea Inc, 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 MULTI-UNIT AGREEMENT AND FRANCHISE AGREEMENT REQUIRE YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN CALIFORNIA THAN IN YOUR HOME STATE.**

2. **THE MULTI-UNIT AGREEMENT AND FRANCHISE AGREEMENT STATE THAT CALIFORNIA LAW GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTION AND BENEFITS AS YOUR LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.**

3. **YOUR SPOUSE MUST ALSO SIGN A GUARANTY MAKING YOUR SPOUSE INDIVIDUALLY LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND/OR MULTI-UNIT AGREEMENT. THE GUARANTEE WILL PLACE YOUR SPOUSE'S PERSONAL AND MARITAL ASSETS AT RISK IF YOUR FRANCHISE FAILS.**

4. **BEE & TEA INC WAS FORMED IN FEBRUARY 2016 AND HAS NO OPERATING HISTORY OR RECORD OF PERFORMANCE. THIS FRANCHISE IS LIKELY TO BE A RISKIER INVESTMENT THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.**

5. **YOU MUST COMPLY WITH MINIMUM AND MAXIMUM PRICES SET BY BEE & TEA INC FOR GOODS AND SERVICES YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.**

6. **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.**

7. **THE MULTI-UNIT AND FRANCHISE AGREEMENTS CONTAIN PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN SOME STATES.**

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