

FRANCHISE DISCLOSURE DOCUMENT



Bruegger's Franchise Corporation
 A Delaware Corporation
 555 Zang Street, Suite 300
 Lakewood, Colorado 80228
 (303) 568-8000
www.brueggers.com

Bruegger's franchises offer fresh bakery bagels, baked goods, coffee, cream cheese, sandwiches, soups, salads and other food and beverage items to the public for carry-out and/or consumption on the premises.

The total investment necessary to begin operation of a BRUEGGER'S BAGELS franchise is as follows:

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|------------------------------------|---------------------------------------------------------------------------|
| New Bakery | \$668,800 to \$1,170,900. This includes \$35,000 that must be paid to us. |
| Bakery at Non-Traditional Location | \$690,842 to \$1,133,400. This includes \$12,500 that must be paid to us. |

These estimates exclude real estate costs and landlord allowances (we assume that you lease the real estate - see Item 7). The total investment for a multi-Bakery Development Agreement is \$10,000 for each Bakery you commit to develop; the minimum commitment is two Bakeries. All of this amount is payable to us.

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 an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this Disclosure 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 Nick Schaefer, our Senior Vice President, License Development, at the address and telephone number listed above.

The terms of your written contract (i.e. your Development Agreement and Franchise Agreements) will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read your entire contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "[A Consumer's Guide to Buying a Franchise](#)," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the

FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

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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 franchises 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 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, LICENSE AGREEMENT, AND DEVELOPMENT AGREEMENT PERMIT YOU TO LITIGATE AND MEDIATE WITH US ONLY IN OUR HOME STATE (CURRENTLY COLORADO). OUT-OF-STATE LITIGATION OR MEDIATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR A DISPUTE. IT MAY ALSO COST YOU MORE TO LITIGATE OR MEDIATE WITH US IN COLORADO THAN IN YOUR HOME STATE.

2. THE FRANCHISE AGREEMENT, LICENSE AGREEMENT, AND DEVELOPMENT AGREEMENT STATE THAT THE LAW OF OUR HOME STATE (CURRENTLY COLORADO) GOVERNS THE AGREEMENTS, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR HOME STATE LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. WE HAVE THE RIGHT TO SET MAXIMUM AND MINIMUM PRICES THAT FRANCHISEES MUST FOLLOW FOR MENU ITEMS, MERCHANDISE AND OTHER PRODUCTS AND SERVICES THAT YOU SELL. THIS REQUIREMENT MAY REDUCE YOUR ANTICIPATED REVENUE AND NET INCOME.

4. IF YOU RESIDE IN A COMMUNITY PROPERTY STATE, THE FOLLOWING STATEMENT APPLIES: YOUR SPOUSE MUST SIGN A DOCUMENT, SUCH AS A GUARANTEE, THAT MAKES YOUR SPOUSE LIABLE FOR YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT, EVEN IF YOUR SPOUSE DOES NOT OWN ANY PART OF THE FRANCHISE BUSINESS. BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, INCLUDING YOUR HOUSE, COULD BE LOST IF YOUR FRANCHISE FAILS.

5. THE ESTIMATED INITIAL INVESTMENT FOR A NEW BAKERY FRANCHISE RANGES FROM \$668,800 TO \$1,170,900. THIS AMOUNT EXCEEDS THE FRANCHISOR'S STOCKHOLDERS EQUITY OF \$543,173 AS OF JANUARY 2, 2018.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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