

# **G-STAR RAW**

## **FRANCHISE DISCLOSURE DOCUMENT**

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G-Star FDD – 08/13

## FRANCHISE DISCLOSURE DOCUMENT

### Franchisor:

G-Star Inc.  
A Delaware Corporation  
599 Broadway, 11th Floor  
New York, NY 10012  
(212) 431-3730  
www.g-star.com

# G-STAR RAW

G-Star Inc. (“**G-Star**”) offers franchises for the operation of G-Star stores (a “**Store**”) offering jeans and jeans-related accessories approved for sale in Stores by G-Star (the “**Products**”) under the marks G-STAR and G-STAR RAW (the “**Marks**”). The total investment necessary to begin operation of each Store is estimated to be between €1,217,635 and €2,150,562 (\$1,619,455 and \$2,860,247) (exclusive of real estate expenses). This includes between €607,604 and €1,637,562 (\$808,114 and \$2,177,958) that must be paid to G-Star or its affiliates. All monetary information in this Disclosure Document is presented in both Euro (€) and United States Dollars (\$) based on approximate exchange rates as of the date of this Disclosure Document. All amounts payable to G-Star are set in Euro by the Franchise Agreement and Area Development Agreement, and you must pay the Euro amount. Note that exchange rates fluctuate on a daily basis. You should verify the current exchange rate before signing any agreement.

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, the franchisor or an affiliate in connection with the proposed franchise sale or grant. **Note, however, that no governmental 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 Anthony Lucia at 599 Broadway, 11<sup>th</sup> Floor, New York, New York 10012 (Tel. (212) 431-3730).

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 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.

The issuance date of this Disclosure Document is August 13, 2013.

## 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 D 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 AND THE AREA DEVELOPMENT AGREEMENT, IN ALL BUT SPECIFIC MATTERS, REQUIRE THE PARTIES TO ARBITRATE BEFORE THE AMERICAN ARBITRATION ASSOCIATION (“AAA”) IN THE STATE IN WHICH WE ARE HEADQUARTERED (NEW YORK). OUT OF STATE DISPUTE RESOLUTION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE IN NEW YORK THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND THE AREA DEVELOPMENT AGREEMENT STATE THAT NEW YORK 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. THE FRANCHISEE TYPICALLY WILL NOT BE GRANTED AN EXCLUSIVE TERRITORY.
4. THE REQUIRED PURCHASES FROM G-STAR AND ITS AFFILIATES REPRESENT OVER 95% OF YOUR TOTAL COST TO ESTABLISH AND OPERATE A FRANCHISE. THIS REQUIREMENT COULD LIMIT COMPETITION AND THE ABILITY TO CONTROL PRICING AND PROFIT.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

See the next page for the effective date of this Disclosure Document in certain states.

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