

FRANCHISE DISCLOSURE DOCUMENT



MR. GATTI'S, LP
A Texas limited partnership
5912 Balcones Drive #200
Austin, Texas 78731
(512) 459-4796
efinley@gattispizza.com
www.gattispizza.com

The franchise is for one of the following two concepts that we have developed:

(1) a Gatti's Pizza Facility without Midway (current prototype of 4,000 square feet) and a Gatti's Pizza Facility with Midway, a rural family dining and entertainment facility (current prototype of 12,500 square feet) (each a "Gatti's Pizza Facility"), which may feature an all-you-care-to-eat pizza, pasta and salad buffet for each day part or an all-you-care-to-eat pizza, pasta and salad buffet during lunch hours with menu ordering with expanded appetizer, dessert and beer and wine during dinner hours. The Gatti's Pizza Facility with Midway, also includes redemption and non-redemption games and amusements. The total investment necessary to begin operation of a Gatti's Pizza Facility without Midway ranges from \$511,975 to \$625,025. This includes \$35,000 that must be paid to the franchisor or an affiliate. The total investment necessary to begin operation of a Gatti's Pizza Facility with Midway ranges from \$1,613,665 to \$1,837,175. This includes \$45,000 that must be paid to the franchisor or an affiliate; or

(2) a GattiTown Facility, a large urban family dining and entertainment center ("GattiTown Facility") (current prototype of 18,000 square feet) featuring an all-you-care-to-eat pizza, pasta and salad buffet and redemption and non-redemption games and amusements. The total investment necessary to begin operation of a GattiTown Facility ranges from \$3,054,225 to \$3,430,445. This includes \$60,000 that must be paid to the franchisor or an affiliate.

We also offer qualified applicants a Development Agreement for multiple Gatti's Pizza Facilities and/or GattiTown Facilities ("Facilities"). The development fee is equal to the total of 50% of the initial franchise fee for all Facilities to be developed. The pro rata portion of the development fee allocable to each Facility will be credited against the initial franchise fee due for that Facility. We will provide 1 site evaluation analysis of the initial proposed location for each Facility that you develop at no additional cost. You must reimburse us for the costs we incur in connection with any additional site evaluation analysis, including our and our representatives' travel, lodging, wages, and meal costs.

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. **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 Erin Finley in our franchise legal department at 5912 Balcones Drive, Suite 200, Austin, Texas 78731.

The terms of your contract will govern your franchise relationship. Do not 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 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 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 Attachment A 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 DEVELOPMENT AGREEMENT REQUIRE THAT ALL DISAGREEMENTS BE MEDIATED AND LITIGATED IN TRAVIS COUNTY, TEXAS. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN AUSTIN, TEXAS THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT STATE THAT TEXAS 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 FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT PERMIT US TO DEVELOP AND OPERATE, OR GRANT OTHERS THE RIGHT TO DEVELOP AND OPERATE, FACILITIES OTHER THAN THE TYPE YOU MUST DEVELOP AND OPERATE IN YOUR TERRITORY AND PROTECTED AREA DURING THE TERM OF YOUR FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT (AS APPLICABLE). THIS MAY RESULT IN A DIFFERENT PERSON DEVELOPING AND OPERATING A DIFFERENT TYPE OF FACILITY IN YOUR TERRITORY AND PROTECTED AREA DURING THE TERM OF YOUR FRANCHISE AGREEMENT AND DEVELOPMENT AGREEMENT (AS APPLICABLE).
4. PLEASE NOTE THAT AS OF APRIL 28, 2014 (THE DATE OF THE MOST RECENT AUDITED FINANCIAL STATEMENTS AVAILABLE), 74% OF THE ASSETS OF MGI HOLDINGS, LP AND SUBSIDIARIES ARE INTANGIBLE. YOU MAY WANT TO CONSIDER THIS WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
5. YOU WILL BE REQUIRED TO PAY US LIQUIDATED DAMAGES IF YOUR FRANCHISE AGREEMENT IS TERMINATED FOR CAUSE. SEE ITEM 6.
6. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a

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