

FRANCHISE DISCLOSURE DOCUMENT



Gloria Jean's Gourmet Coffees Franchising Corp.
an Illinois corporation
14071 Stage Road
Santa Fe Springs, California 90670
(949) 752-5282
www.gloriajeans.com
cpeyton@rfgusa.com

The franchise offered is to operate a Gloria Jean's Coffees Store selling gourmet coffees and teas, coffee-based beverages, and related supplies, accessories and gifts, or a Gloria Jean's Coffees Kiosk for the sale of coffee, espresso, cappuccino, other coffee based drinks, teas and other beverages, baked goods and other foods.

The total investment necessary to begin operation of a small Gloria Jean's Coffees Store without a drive-thru is \$294,450 to \$381,500. This includes \$2,950 to \$30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of an average Gloria Jean's Coffees Store without a drive-thru is \$344,450 to \$419,000. This includes \$2,950 to \$30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Gloria Jean's Coffees Store with a drive-thru is \$381,450 to \$473,000. This includes \$2,950 to \$30,000 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a Gloria Jean's Coffees Kiosk is \$173,150 to \$253,000. This includes \$1,750 to \$20,000 that must be paid to the franchisor or its affiliates.

The total investment necessary for an Area Development Agreement is \$35,000 to \$47,500, assuming a commitment of 3 to 5 Gloria Jean's Coffees Stores. This includes \$30,000 to \$37,500 that must be paid to the franchisor. Unless otherwise agreed, the minimum number of stores you will be required to develop under the Area Development Agreement is three.

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 payments to, the franchisor 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 Mr. Chris Peyton at 14071 Stage Road, Santa Fe Springs, California 90670, tel. (949) 752-5282, cpeyton@rfgusa.com.

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 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 listed on **Exhibit 1** 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: October 30, 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 1** for information about the franchisor, or about franchising in your state. If you learn that anything in this disclosure document is untrue, contact the Federal Trade Commission and the state administrators listed on **Exhibit 1**.

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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY A MEETING, MEDIATION, AND ARBITRATION ONLY IN THE STATE IN WHICH OUR U.S. HEADQUARTERS ARE THEN LOCATED (CURRENTLY, CALIFORNIA). OUT-OF-STATE MEETINGS, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO MEET, MEDIATE, AND ARBITRATE WITH US IN THE STATE WHERE OUR U.S. HEADQUARTERS ARE LOCATED THAN IN YOUR OWN STATE.
2. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL YOUR FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
3. THE FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT PROVIDE THAT THE LAWS OF THE STATE OF CALIFORNIA GOVERN THE AGREEMENT, AND THAT LAW MAY NOT PROVIDE YOU WITH THE SAME RIGHTS AND PROTECTIONS AS YOUR LOCAL LAW. YOU MAY WANT TO CONSULT AN ATTORNEY REGARDING COMPARISON OF THESE LAWS.
4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

The effective dates of this disclosure document in the states with franchise registration laws in which we have sought registration or exemption appear on the following page.

STATE EFFECTIVE DATES

The following states require that the disclosure document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This disclosure document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| STATE | EFFECTIVE DATE |
|--------------|----------------|
| California | |
| Hawaii | Not filed |
| Illinois | |
| Indiana | |
| Maryland | |
| Michigan | |
| Minnesota | Not filed |
| New York | |
| North Dakota | Not filed |
| Rhode Island | Not filed |
| South Dakota | Not filed |
| Virginia | |
| Washington | Not filed |
| Wisconsin | |

In all other states, the effective date of this disclosure document is the issuance date of October 30, 2018.

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