

FRANCHISE DISCLOSURE DOCUMENT

HQ BURGERS, INC
5023 North Parkway Calabasas
Calabasas, California 91302
818-876-9521
www.hqgastropub.com

Received
LA Mailroom

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Department of
Business Oversight



The business you will conduct as an HQ™ franchise is a Gastropub-style restaurant offering and pairing a vast selection of craft and artisan beers, and esoteric wines, from around the world with an exclusive selection of premium burgers. Your HQ™ Gastropub franchise will provide a clean and comfortable setting, offering an unusually exciting, occasionally edgy, burger and beer experience in a seriously casual atmosphere designed to fuel culinary desire.

The total investment necessary to begin operations of a single unit HQ™ Gastropub franchise ranges from \$1,144,500 to \$2,171,000. This includes an initial franchise fee of \$50,000 that must be paid to the franchisor. (See Item 5 and Item 7 for more detailed information). We also grant multi-unit area development rights, which enable you to open a specified number of HQ™ Gastropub franchises within a specified development area according to a development schedule under individual Franchise Agreements. The total investment necessary for each HQ™ franchise to be developed under an Area Development Agreement ranges from \$1,219,500 to \$2,246,000. This includes initial franchise fees of \$125,000 for a 3 unit franchise development program or an initial franchise fee of \$200,000 for a 5 unit franchise development program that must be paid to the franchisor. We also grant master developer rights which enable you to solicit, recruit, sell, train and assist prospective franchisees for your specific master developer territory. The total investment necessary to begin operations of an HQ™ master developer franchise ranges from \$1,344,500 to \$2,471,000. This includes a master developer fees ranging from \$225,000 to \$300,000, or more, depending upon the population in your territory that must be paid to the franchisor.

This Franchise Disclosure Document ("FDD") summarizes certain provisions of your Franchise Agreement and other information in plain English. Read the 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.**

If you wish to receive your FDD in another format that is more convenient for you, please contact Deborah Kostal at HQ BURGERS, INC, 5023 North Parkway Calabasas, Calabasas, California 91302, 818-876-9521, to discuss the availability of different formats.

The terms of your contract will govern your franchise relationship. Don't rely on the FDD 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 accountant.

Buying a franchise is a complex investment. The information in this FDD 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, DC 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. There may also be laws on franchising in your state. Call your state agency listed on Exhibit A or visit your public library for other sources of information on franchising.

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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 THIS FRANCHISE WITH A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed on Exhibit 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, AREA DEVELOPMENT AGREEMENT AND MASTER DEVELOPER AGREEMENT PERMIT YOU TO SUE US ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE US IN CALIFORNIA THAN IN YOUR HOME STATE. THIS MAY BE SUPERSEDED BY STATE LAW. SEE YOUR SPECIFIC STATE ADDENDUM, IF ANY, ATTACHED TO THIS FRANCHISE DISCLOSURE DOCUMENT.

2 THE FRANCHISE AGREEMENT, AREA DEVELOPMENT AGREEMENT AND MASTER DEVELOPER AGREEMENT STATE THAT THE LAW OF CALIFORNIA GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3 YOU SHOULD REVIEW ANY RIDERS OR ADDENDA ATTACHED TO THIS DISCLOSURE DOCUMENT FOR ANY STATE-SPECIFIC DISCLOSURES REGARDING FRANCHISE LAWS. AS A CONDITION OF REGISTRATION, CERTAIN STATE-SPECIFIC LAWS AND REQUIRED DISCLOSURES MAY SUPERSEDE THE PROVISIONS OF THIS DISCLOSURE DOCUMENT.

4 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We 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 fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

Effective Date See the next page for state effective dates

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