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Department of  
Business Oversight

## FRANCHISE DISCLOSURE DOCUMENT



espressamente illy Americas, inc  
a Delaware corporation  
800 Westchester Avenue, Suite S438  
Rye Brook, NY 10573  
(914) 253-8141  
[espressamenteilly.americas@illy.com](mailto:espressamenteilly.americas@illy.com)  
[www.espressamenteilly.com](http://www.espressamenteilly.com)

We grant the right to operate an Italian-style coffee bars that specialize in serving espresso, cappuccino and coffee related products, light snack food, and other items under our name and marks (the "ILLY Locations")

The total investment necessary to begin operation of an ILLY Location in a (1) Facility, or (2) Separate Location (as defined in Item 1) is between \$433,900 and \$1,745,720 and between \$447,900 and \$1,732,720, respectively. This includes the \$60,000 to \$105,000 that must be paid to us or our affiliate. If you sign a Development Agreement authorizing multiple ILLY Locations, the total investment for the development rights is between \$40,000 and \$48,000. This includes the \$40,000 to \$45,000 that must be paid to us or our affiliate.

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 any affiliate in connection with the proposed 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 Barry Sheldon, President for Business Development at 800 Westchester Avenue, Suite S438, Rye Brook, New York 10573 or (914) 253-8141.

The terms of your contract will govern your relationship with us. 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 May 30, 2017

ILLY CAFFÈ-DISCLOSURE DOCUMENT  
05/17

## **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 C** 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 RETAIL LOCATION AGREEMENT, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

### **Risk Factors**

Please consider the following RISK FACTORS before you buy this franchise.

- \*1 THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION ONLY IN THE STATE IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE DISPUTE ARISES, WHICH IS CURRENTLY NEW YORK. OUT-OF-STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN NEW YORK THAN IN YOUR OWN STATE.
- \*2 THE FRANCHISE AGREEMENT STATES THAT THE LAW OF THE STATE IN WHICH WE HAVE OUR PRINCIPAL PLACE OF BUSINESS WHEN THE DISPUTE ARISES, WHICH IS CURRENTLY NEW YORK, 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 THE TOTAL INVESTMENT YOU MUST MAKE TO BEGIN OPERATING AN ILLY LOCATION EXCEEDS THE EQUITY FRANCHISOR HAS IN ITS OWN COMPANY.
- 4 THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$40,000 TO \$1,745,720. THIS AMOUNT MAY EXCEED THE FRANCHISOR'S STOCKHOLDER'S EQUITY AS OF DECEMBER 31, 2016, WHICH IS \$281,258.
- 5 YOU WILL NOT RECEIVE AN EXCLUSIVE TERRITORY. YOU MAY FACE COMPETITION FROM OTHER FRANCHISEES, FROM OUTLETS WE OWN, OR FROM OTHER CHANNELS OF DISTRIBUTION OR COMPETITIVE BRANDS WE CONTROL.
- 6 OWNERS OF THE FRANCHISE AND, IN SOME INSTANCES, THEIR SPOUSES WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND THEIR SPOUSES AT RISK.
- 7 THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Local law may supersede these agreement provisions. Certain states require the superseding provisions to appear in an addendum to this disclosure document (see **Exhibits I and J** of this Disclosure Document)

**Effective Date** See the next page for state effective dates

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