

FRANCHISE DISCLOSURE DOCUMENT



Kahala Franchising, L.L.C.
an Arizona limited liability company
9311 E. Via De Ventura
Scottsdale, Arizona 85258
Telephone: (480) 362-4800
Website: www.kahalamgmt.com
Facebook: www.facebook.com/NrGizeLifestyleCafe
Twitter: @NrGizeSmoothies

We offer *NrGize Lifestyle Cafe*[™] unit franchises. As a franchisee, you will operate a restaurant called *NrGize Lifestyle Cafe* preparing and serving low-calorie smoothies, fruit drinks, nutritional supplements, and other beverage and food items.

The total investment necessary to begin operation of an *NrGize Lifestyle Cafe* franchise ranges from: (i) \$97,400 to \$341,050 for a traditional franchise unit; (ii) \$57,910 to \$261,800 for a non-traditional unit; (iii) \$114,410 to \$235,550 for a new *NrGize Lifestyle Cafe* located within an LA Fitness health club; and (iv) \$74,410 to \$173,050 for the conversion of an existing store located within an LA Fitness health club to an *NrGize Lifestyle Cafe*. This includes: (i) \$17,584 to \$71,250 for a traditional location that must be paid to the franchisor or affiliate; (ii) \$9,184 to \$48,750 for a non-traditional location that must be paid to the franchisor or its affiliate; (iii) \$91,500 to \$168,750 for a newly constructed *NrGize Lifestyle Cafe* located within an LA Fitness health club; and (iv) \$52,000 to \$111,250 for the conversion of an existing store in an LA Fitness health club to an *NrGize Lifestyle Cafe* located within the same LA Fitness health club that must be paid to the franchisor or its 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, 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 Kahala Franchising, L.L.C., Attn: John Wuycheck, 9311 E. Via De Ventura, Scottsdale, Arizona 85258 and (480) 362-4800.

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 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.

Issuance Date: April 1, 2017

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 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 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 REQUIRES YOU TO RESOLVE DISPUTES WITH US BY LITIGATION, MEDIATION AND ARBITRATION ONLY IN ARIZONA. OUT-OF-STATE LITIGATION, MEDIATION AND ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE, MEDIATE OR ARBITRATE WITH US IN ARIZONA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT ARIZONA LAW 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. FRANCHISE OWNERS (DIRECT AND INDIRECT) AND THEIR SPOUSES MUST SIGN A PERSONAL GUARANTEE MAKING SUCH SPOUSES JOINTLY AND SEVERALLY LIABLE FOR ALL OBLIGATIONS OF THE FRANCHISE, WHETHER OR NOT SUCH OWNERS AND SPOUSES ARE INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS. THIS REQUIREMENT PLACES THE PERSONAL AND MARITAL ASSETS OF THE FRANCHISE OWNERS AND SPOUSES AT RISK.
4. 95% OF FRANCHISOR'S PARENT'S, MTY FRANCHISING USA, INC., ASSETS ARE INTANGIBLE OR INVESTMENTS IN SUBSIDIARIES. YOU MAY WANT TO TAKE THIS INTO CONSIDERATION WHEN MAKING A DECISION TO PURCHASE THIS FRANCHISE OPPORTUNITY.
5. MUCH OF THE SUPPORT, TRAINING, AND PRE AND POST OPENING OBLIGATIONS TO FRANCHISEES, AND MARKETING AND ADVERTISING SUPPORT SERVICES WILL BE PROVIDED BY AN AFFILIATE OF THE FRANCHISOR, KAHALA MANAGEMENT, L.L.C. THE FINANCIAL STATEMENTS OF KAHALA MANAGEMENT, L.L.C. ARE NOT CONTAINED IN THE FRANCHISE DISCLOSURE DOCUMENT AND WILL NOT BE PROVIDED TO FRANCHISEES.
6. 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.

**NRGIZE LIFESTYLE CAFE™
FRANCHISE DISCLOSURE DOCUMENT EFFECTIVE DATES**

The following states require that the Franchise 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.

The Franchise Disclosure Document is registered, on file or exempt from registration, or otherwise effective in the following states having franchise registration and disclosure (or business opportunity*) laws, as of the dates listed:

California	April 1, 2017
Florida	April 1, 2017
Hawaii	Not Registered
Illinois	April 1, 2017
Indiana	April 1, 2017
Kentucky*	July 2, 2015*
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Nebraska*	June 30, 2015*
New York	April 1, 2017
North Dakota	Not Registered
Rhode Island	Pending
South Dakota	Pending
Texas*	July 12, 2010*
Utah	April 1, 2017
Virginia	Pending
Washington	Pending
Wisconsin	Pending

In all the other states, the effective date of this Franchise Disclosure Document is the issuance date of April 1, 2017.

* Denotes one-time filing.

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