

MAR 21 2018

Department of
Business Oversight

FRANCHISE DISCLOSURE DOCUMENT



Polestar Franchising, LLC
a Florida Limited Liability Company
7300 North Kendall Drive, Suite 550
Miami, Florida 33156
Phone: (305) 666-0037
Email: info@polestarstudio.com
www.polestarstudio.com

As a franchisee, you will operate a Pilates studio that offers fitness programs designed to improve physical, mental and spiritual health through Pilates conditioning, focusing on posture, alignment, movement and power under the Polestar Pilates® philosophy and marks (a “Polestar® Studio” or “Studio”).

The total estimated investment necessary to begin operations of a single Polestar® Studio ranges from \$121,750 to \$196,950. This estimate includes an initial franchise fee of \$24,900.00 that must be paid to the franchisor or its affiliate(s). If we grant you area development rights, your total estimated investment will be higher. Under a Regional Area Development Agreement, in addition to the initial franchise fee, you will also be required to pay to Franchisor a development fee equal to \$12,450, multiplied by the number of Polestar® Studios businesses you agree to develop, excluding the first. We will credit \$12,450 against the initial franchise fee of \$24,900 for each Polestar® Studio business you open under the Regional Area Development Agreement, after the first. Your total estimated investment will vary depending on how many Polestar® Studios you agree to develop.

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 Russell Goldman, 7300 North Kendall Drive, Suite 550, Miami, FL 33156, or (305) 666-0037, or by emailing russell@polestarstudio.com.

The terms of your contract will govern your franchise relationship. Do not 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 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 THE 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 AND REGIONAL AREA DEVELOPMENT AGREEMENT REQUIRE THAT MOST DISPUTES BE SUBMITTED TO ARBITRATION IN MIAMI-DADE COUNTY, FLORIDA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE RESOLUTION FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN FLORIDA THAN IN YOUR HOME STATE.
2. THE FRANCHISE AGREEMENT AND REGIONAL AREA DEVELOPMENT AGREEMENT STATE THAT FLORIDA LAW GOVERNS THE AGREEMENTS, AND FLORIDA LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS YOUR STATE'S LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. IF YOU ARE IN A CORPORATION, LIMITED LIABILITY COMPANY, OR PARTNERSHIP, YOUR OWNERS MUST PERSONALLY GUARANTY YOUR OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND AGREE TO BE BOUND PERSONALLY BY THE CONTRACTUAL PROVISIONS, INCLUDING THE COEBENANT NOT TO COMPETE.
4. LIQUIDATED DAMAGES WILL BE REQUIRED IF THE FRANCHISE AGREEMENT IS TERMINATED WITH CAUSE.
5. YOU MUST MAINTAIN A MINIMUM OF AN AVERAGE OF 35 CLASSES EACH WITH FIVE PEOPLE PER CLASS. IF YOU FAIL TO DO SO, YOU COULD LOSE YOUR TERRITORIAL RIGHTS TO THE PROTECTED AREA.
6. THE FRANCHISOR ENTITY HAS A LIMITED OPERATING HISTORY (OPERATING SINCE JULY 31, 2015).
7. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

8. THE FRANCHISOR'S FINANCIAL CONDITION, AS REFLECTED IN ITS FINANCIAL STATEMENTS (SEE ITEM 21) CALLS INTO QUESTION THE FRANCHISOR'S FINANCIAL ABILITY TO PROVIDE SERVICES AND SUPPORT YOU.

We may use the services of one or more franchise business brokers or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay these persons a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

The Effective Date for this Franchise Disclosure Document for your state is listed on the next page.

This is a document preview downloaded from FranchisePanda.com. The full document is available for free by visiting: <https://franchisepanda.com/franchises/polestar-pilates>