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JUL 17 2019

Department of
Business Oversight

PRESOTEA



Franchise Disclosure Document

Area Franchise

PRESOTEA (USA), CO., LTD.
A Delaware Corporation
1209 Orange Street
Wilmington, Delaware 19801
PH 886-2-2269-0568 (Taiwan)
www.presotea.com
Email: usa@presotea.com

The franchise offered is an Area Franchise to develop, own, operate and subfranchise "made to order" fresh brewed tea shops called Presotea (hereafter ("shop" or "store"), operating under the Marks and using the System as described in this document, and the Operations Manual. The Area Franchise requires the opening of a minimum of 21 Presotea Shops per county in the protected territory, within 6 years of the signing of the Area Franchise Agreement whether by developing or subfranchising. The total investment necessary to begin operation of the Presotea Area franchise ranges from \$221,000 to \$351,000, of which \$20,000 is for required initial training, \$55,000 is for required equipment, \$18,000 is for required branding, and \$50,000 is for required opening inventory of supplies and food, for the first Presotea Shop, which 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 document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you can 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 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 either of the below individuals via email as indicated:

CHOU, YU CHUN, via email to: imokochou@presotea.com
TSENG, HSIN-I, via email to: anyta@presotea.com

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 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, DC 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.

ISSUING DATE: January 16, 2019, as amended July 3, 2019

STATE COVER PAGE

Your state may have franchise laws that require 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 Attachment E 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 OUR 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 ARBITRATE DISPUTES WITH US AND CONDUCT THE ARBITRATION IN CALIFORNIA. OUT OF STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT 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. THE FRANCHISOR IS AT AN EARLY STAGE OF DEVELOPMENT AND HAS LIMITED OPERATING HISTORY. THIS FRANCHISE IS LIKELY TO BE RISKIER THAN A FRANCHISE IN A SYSTEM WITH A LONGER OPERATING HISTORY.
4. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS AND MEET A REQUIRED DEVELOPMENT SCHEDULE. YOUR INABILITY TO MAINTAIN THESE LEVELS OF MEET THE REQUIRED DEVELOPMENT SCHEDULE MAY RESULT IN LOSS OF ANY TERRITORIAL RIGHTS YOU ARE GRANTED, TERMINATION OF YOUR FRANCHISE, AND LOSS OR YOUR INVESTMENT.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We may in the future 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. If we use a referral source, we will 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.

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