

scotty browns

RESTAURANT • LOUNGE • SOCIALIZE™

FRANCHISE DISCLOSURE DOCUMENT

BROWNS SOCIAL HOUSE USA LTD.
A Washington Corporation

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You will develop and operate a restaurant and lounge and sell related products and services.

The total investment necessary to begin operation of a Scotty Browns franchise is approximately US \$1,286,000 to \$2,655,000 for a single restaurant, but could be more or less. See Item 7 below for the calculation of this estimate. This estimate includes \$85,000 that must be paid to us or our affiliates. See Item 5 below.

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.**

If you are viewing this disclosure document on a computer, or it is an electronic version, you will need a PC able to run Windows XP or better, Adobe Acrobat version 7.0 or higher, and an Internet connection allowing downloading of documents of this size – approximately 2 MB.

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 to 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 for states not requiring franchise registration or filing: March 14, 2016

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 D 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 ARBITRATION ONLY IN SEATTLE, WASHINGTON, USA. 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 WASHINGTON THAN IN YOUR OWN STATE.**
2. **THE FRANCHISE AGREEMENT STATES THAT WASHINGTON 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. **THE FRANCHISE AGREEMENT STATES THAT THE PARTIES WAIVE TRIAL BY JURY.**
4. **WE WERE FORMED IN 2008. WE ARE RELYING ON THE EXPERIENCE OF OUR PARENT AND OUR MANAGERS, DESCRIBED IN ITEMS 1 AND 2, WHICH IS PRIMARILY IN CANADA.**
5. **WE HAVE LIMITED FINANCIAL RESOURCES WHICH MAY OR MAY NOT BE ADEQUATE TO FUND OUR PRE-OPENING OBLIGATIONS TO EACH FRANCHISEE AND PAY OPERATING EXPENSES.**
6. **THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.**

Certain state laws may supersede these provisions. See State Addenda in Exhibit F for a summary of some of these laws. We may 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 may pay this person for selling our franchise or referring you to us. You should be sure to do your own investigation of the franchise.

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