



SMART

DRINKS & NUTRITION

FRANCHISE DISCLOSURE DOCUMENT

SMART DRINKS

Smart Drinks Franchising, L.L.C.

a Texas limited liability company

12343 Barker Cypress, Suite 250

Houston, Texas 77429

(281) 705-2490

As a franchisee, you will operate a smoothie/nutrition retail store, featuring unique smoothie drinks, using proprietary recipes, all under the unique Smart Drinks' name, logo and atmosphere.

The initial franchise fee is \$30,000.00 for a first location. The estimated initial investment required (including this initial franchise fee) ranges from \$95,600.00 to \$237,500.00. This sum does NOT include any salary or other payments to you or your principals. The initial franchise fee for a second, or subsequent, location is \$25,000.00

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 to you. To discuss the availability of disclosures in different formats, contact Smart Drinks Franchising, L.L.C. at the address and phone number listed above.

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.

Issuance Date: June 20, 2016.

STATE COVERAGE PAGE

Your state may have a franchise law that requires a franchise 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 “A” for information about the franchisor, about other franchisors, or about franchising in your state.

Please consider

1. THE FRANCHISE AGREEMENT DOES 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 OUR 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.
2. THE FRANCHISE AGREEMENT REQUIRES THAT ALL DISAGREEMENTS BE SETTLED BY ARBITRATION IN TEXAS. 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 TEXAS THAN IN YOUR HOME STATE.
3. THE FRANCHISE AGREEMENT STATES THAT THE LAW OF TEXAS GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. LOCAL LAW MAY SUPERSEDE CERTAIN FRANCHISE AGREEMENT LAWS. YOU MAY WANT TO COMPARE THESE LAWS.
4. THE FRANCHISE AGREEMENT REQUIRES A SUBSTANTIAL INVESTMENT AND A COMMITMENT OF TIME. ALL INVESTMENTS INVOLVE A DEGREE OF RISK.
5. EACH FRANCHISEE MUST PAY A MINIMUM OF \$900 PER MONTH TOWARD ITS OWN LOCAL ADVERTISING, EVEN IF THE FRANCHISEE HAS NO REVENUE.
6. IF YOU ARE A LEGAL ENTITY, WE REQUIRE YOUR PRINCIPALS TO EXECUTE A GUARANTY AGREEMENT, GUARANTYING OBLIGATIONS CONTAINED IN THE FRANCHISE AGREEMENT.
7. THERE MAY BE OTHER RISKS ASSOCIATED WITH THIS FRANCHISE.

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 pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of this franchise.

Effective Date: See following page.

Non-Registration States: June 20, 2016.

Registration States:

California:

Hawaii:

Illinois:

Indiana:

Maryland:

Michigan:

Minnesota:

New York:

North Dakota:

Rhode Island:

South Dakota:

Virginia:

Washington:

Wisconsin:

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