

## FRANCHISE DISCLOSURE DOCUMENT

### INTERNATIONAL COFFEE & TEA, LLC

a Delaware limited liability company

5700 Wilshire Boulevard Suite 120

Los Angeles, California 90036

(310) 237-2326

www.coffeebean.com



You will develop one or more “The Coffee Bean & Tea Leaf” Stores or Kiosks featuring premium coffee beverages, espresso drinks, premium teas, roasted coffee beans and blends, prepackaged coffees, prepackaged teas, baked goods, snacks and other food items and products, which may include but are not limited to coffee making equipment, cups, hats, t-shirts, miscellaneous branded items and other novelty items. The total investment necessary to begin operation of a single “The Coffee Bean & Tea Leaf” store ranges from \$296,500 to \$615,500 for a full service store and \$183,250 to \$335,500 for a Kiosk; this includes your initial franchise fee (\$15,000 for a Kiosk, and either \$12,500 or \$25,000 for a full service Store). The total investment for an Area Development Agreement is the sum of (i) \$12,500 multiplied by the number of stores that you must open within the initial term of your Area Development Agreement (this amount does not include the costs to construct and open each of your “The Coffee Bean & Tea Leaf” Stores), plus (ii) an estimated \$5,000 to \$10,000 for the fees of your lawyer, accountant and other professionals; and (iii) reimbursement of our legal, accounting and other professional fees to the extent they exceed \$10,000 to negotiate and execute the Area Development Agreement (not to exceed a reimbursement of \$25,000).

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.**

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 an attorney 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](http://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 8, 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 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 G 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 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 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. **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 this franchise.**

### STATE 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.

This franchise is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| State      | Effective Date | State        | Effective Date |
|------------|----------------|--------------|----------------|
| California | Exempt         | New York     | Exempt         |
| Hawaii     |                | North Dakota |                |
| Illinois   | Exempt         | Rhode Island |                |
| Indiana    |                | South Dakota |                |
| Maryland   |                | Virginia     |                |
| Michigan   |                | Washington   |                |
| Minnesota  |                | Wisconsin    |                |

In all the other states, the effective date of this disclosure document is the issuance date of June 8, 2017.

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