

FRANCHISE DISCLOSURE DOCUMENT



THE COFFEE BEANERY LTD.
a Michigan corporation
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The franchisee will offer for retail sale various types of coffee, including espresso based beverages, and other beverages, coffee beans, tea, spices, related products and food items such as salads, sandwiches, baked goods as well as merchandise and coffee accessories, for on or off-site consumption using the Coffee Beanery name and trademarks (each, a “Store”). The different Store models (each, a “Store Model”) are disclosed in the Chart below:

Store Model	Store Description	Total Investment and Amounts Paid to Franchisor or its Affiliates
Traditional Store without Food Model	A traditional Store that offers espresso based beverages, and other beverages, coffee beans, tea, spices, related products and limited food items (“Traditional Store without Food Model”).	The total investment necessary to begin operation of a Traditional Store without Food Store Model ranges from \$260,000 to \$476,100, which includes \$25,000 to \$31,500 that must be paid to the franchisor or its affiliates.
Traditional Store with Food Model	A traditional Store that offers espresso based beverages, and other beverages, coffee beans, tea, spices, related products and a more expansive food menu (“Traditional Store with Food Model”).	The total investment necessary to begin operation of a Traditional Store with Food Store Model ranges from \$260,000 to \$496,100, which includes \$25,000 to \$31,500 that must be paid to the franchisor or its affiliates.
Kiosk Store Model	A traditional Store that is operated from a Kiosk structure (“Kiosk Store Model”).	The total investment necessary to begin operation of a Kiosk Store Model ranges from \$185,000 to \$369,100, which includes \$25,000 to \$31,500 that must be paid to the franchisor or its affiliates.
Co-Branded Store Model	A traditional Store that is operated under the Coffee Beanery marks from the same space or premises as another concept that we approve and authorize (“Co-Branded Store Model”).	The total investment necessary to begin operation of a Co-Branded Store Model ranges from \$140,000 to \$339,100, which includes \$25,000 to \$31,500 that must be paid to the franchisor or its affiliates.
Conversion Store Model	A Store that is converted from a coffee shop to traditional Coffee Beanery Store (“Conversion Store Model”).	The total investment necessary to begin operation of a Conversion Store Model ranges from \$112,500 to \$351,600, which includes \$17,500 and \$24,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain portions 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 us at the address above.

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 contained 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.

Issuance Date: October 31, 2019

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 F for information about the franchisor, about other franchisors, 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 MEDIATION AND LITIGATION ONLY IN THE COUNTY WHERE WE MAINTAIN OUR PRIMARY PLACE OF BUSINESS, CURRENTLY IN GENESEE COUNTY, MICHIGAN. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO LITIGATE WITH US IN MICHIGAN THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT MICHIGAN LAW GOVERNS THE AGREEMENT UNLESS A PROVISION IS NOT ENFORCEABLE UNDER THE LAWS OF MICHIGAN AND YOUR STORE OR TERRITORY IS LOCATED IN A STATE WHERE THE PROVISION IS ENFORCEABLE. THE LAWS OF MICHIGAN MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOUR SPOUSE MUST SIGN A DOCUMENT THAT MAKES YOUR SPOUSE LIABLE FOR ALL FINANCIAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT EVEN THOUGH YOUR SPOUSE HAS NO OWNERSHIP INTEREST IN THE FRANCHISE. THIS GUARANTEE WILL PLACE BOTH YOU AND YOUR SPOUSE'S MARITAL AND PERSONAL ASSETS, PERHAPS INCLUDING YOUR HOUSE, AT RISK IF YOUR FRANCHISE FAILS.
4. YOU MUST MAINTAIN MINIMUM SALES PERFORMANCE LEVELS. YOUR INABILITY TO MAINTAIN THESE LEVELS MAY RESULT IN TERMINATION OF YOUR FRANCHISE AND LOSS OF YOUR INVESTMENT.
5. THERE MAY BE OTHER RISKS CONCERNING THE 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 is our agent and 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 the franchise.

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