

FRANCHISE DISCLOSURE DOCUMENT

TDE FRANCHISE LLC

a Florida limited liability company
431 Keisler Drive, Suite 201
Cary, North Carolina 27518
(919) 977-9517

www.thedonutexperiment.com

info@thedonutexperiment.com

THE DONUT EXPERIMENT

We offer qualified parties a franchise for the right to operate a retail shop (each, a “Shop”) that offers and sells donuts and related icings and other toppings for the same, (b) branded and proprietary coffee, and (c) other beverages and menu items that we designate or approve (collectively, the “Approved Products”), for on-site consumption, take-out and, with our prior consent, off-site catering and related activities (collectively, the “Approved Services”), all under our the proprietary marks we designate (the “Proprietary Marks”), which currently includes our primary mark THE DONUT EXPERIMENT, and our proprietary system of business operations (the “System”). We also offer qualified parties the right to develop multiple franchised Shops within a market area we designate.

The total investment necessary to begin operation of a single Shop ranges from \$279,000 to \$333,500. This includes \$49,200 to \$67,400 that must be paid to us or our affiliates.

The total investment necessary to develop multiple franchised Shops under our form of area development agreement depends on the number of franchises you awarded the right and undertake to develop. By way of example, the total investment necessary to enter into a development agreement for the right to develop: (i) three (3) Shops is \$354,000 to \$393,500, which includes a \$115,000 development fee that is paid to us and your total investment to begin operation of your initial Shop; (ii) five (5) Shops is \$389,000 to \$428,500, which includes a \$150,000 development fee that is paid to us and your total investment to begin operation of your initial Shop; and (iii) ten (10) Shops is \$464,000 to \$503,500, which includes a \$225,000 development fee that is paid to us and your total investment to begin operation of your initial Shop.

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 for you. To discuss the availability of disclosures in different formats, contact us at 431 Keisler Drive, Suite 201, Cary, North Carolina 27518, or by telephone at (919) 977-9517.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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 understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTCHELP 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.

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How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's discretion. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D include financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Donut Experiment business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Donut Experiment franchisee?	Item 20 or Exhibit F list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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