

**FRANCHISE DISCLOSURE DOCUMENT**

HBG Franchise, LLC
a Delaware limited liability company
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Received
LA Mailroom

APR 08 2019

Department of
Business Oversight

The franchise is to operate a restaurant under the "Habit Burger" name that features premium hamburgers and hamburger-related products and services.

The total investment necessary to begin operation of a Habit Burger Restaurant franchise is \$1,169,000 to \$1,402,000 for a restaurant with no drive-thru, \$1,292,000 to \$1,512,000 for a restaurant at an end-cap location with a drive-thru, and \$1,818,000 to \$2,362,000 for a restaurant at a standalone location with a drive-thru. This includes \$43,000 to \$52,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operation under an Area Development Agreement is \$52,000 to \$275,000. This includes \$50,000 to \$250,000 that must be paid to the franchisor or affiliate.

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 John Phillips, our Chief Global Business Partnership Officer, at 17320 Red Hill Ave. Suite 140 Irvine, CA 92614, 949-851-8881.

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 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 of this Franchise Disclosure Document: April 5, 2019

Habit Burger - 2019 FDD
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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 A 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 AND LITIGATION ONLY IN IRVINE, CALIFORNIA. OUT-OF-STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE OR LITIGATE WITH US IN IRVINE, CALIFORNIA THAN IN YOUR OWN STATE.
2. THE FRANCHISEE WILL BE REQUIRED TO MAKE AN ESTIMATED INITIAL INVESTMENT RANGING FROM \$1,169,000 TO \$1,402,000 FOR A RESTAURANT WITH NO DRIVE-THRU, \$1,292,000 TO \$1,512,000 FOR A RESTAURANT AT AN END-CAP LOCATION WITH A DRIVE-THRU, AND \$1,818,000 TO \$2,362,000 FOR A RESTAURANT AT A STANDALONE LOCATION WITH A DRIVE-THRU. SOME OF THESE AMOUNTS EXCEED THE FRANCHISOR'S MEMBERS' EQUITY AS OF DECEMBER 25, 2018 WHICH IS \$1,269,910.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We do not use the services of any franchise brokers or referral sources to assist us in selling our franchise.

Effective Date: See the next page for state effective dates.

**HBG FRANCHISE, LLC
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 Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

California	Pending
Illinois	April 8, 2019
Indiana	April 8, 2019
Michigan	April 5, 2019
New York	Pending
Washington	Pending
Wisconsin	April 5, 2019

In all other states, except those requiring registration or filing of the franchising documents, the effective date of this Franchise Disclosure Document is the issuance date of April 5, 2019.

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