

**FRANCHISOR**

Tierra Encantada Franchising, LLC
 A Minnesota limited liability company
 4008 Minnehaha Avenue
 Minneapolis, MN 55406
 (612) 423-5326
 franchise@tierraencantada.com
 www.tierraencantada.com

As a franchisee of Tierra Encantada Franchising, LLC, you will operate an early childhood education franchise that provides a warm, Spanish-language immersion learning environment for children featuring fresh cooked, on-site organic meals and cloth diapers under the name “Tierra Encantada.”

The total investment necessary to begin operation of a Tierra Encantada franchise is from \$846,558 to \$1,786,725. This includes \$52,340 to \$61,840 that must be paid to us as the franchisor or our affiliate.

We may offer to enter into an area development agreement to establish and operate a minimum of two Tierra Encantada franchises at specific locations under individual franchise agreements. The area development fee will be \$50,000 for your first Tierra Encantada franchise, plus \$30,000 for your second Tierra Encantada franchise, and plus \$20,000 for each additional Tierra Encantada franchise to be developed thereafter. The area development fee will then be credited toward the franchise fee owed for each Tierra Encantada developed. Your estimated initial investment will vary based on the number of Tierra Encantada franchises to be developed.

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 the 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 government 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 Kristen Denzer, Tierra Encantada Franchising, LLC, 4008 Minnehaha Avenue, Minneapolis, MN 55406, (612) 423-5326, franchise@tierraencantada.com.

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, 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.

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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 I.
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 direction. 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 F includes 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 Tierra Encantada 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 franchisor 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 Tierra Encantada franchisee?	Item 20 or Exhibit I lists 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.
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