

FRANCHISE DISCLOSURE DOCUMENT FOR AREA DEVELOPER FRANCHISES

TILTED KILT FRANCHISE OPERATING, LLC

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Tilted Kilt Franchise Operating, LLC is offering franchises for the operation of an Area Developer business to solicit and identify prospective franchisees who are qualified to operate Celtic-themed sports and entertainment bars and restaurants ("Restaurants") and to provide ongoing supervision to Restaurant franchisees located in a particular geographic area, in exchange for a portion of the initial and ongoing franchise fees paid by these franchisees. The total estimated investment necessary to begin operation of an Area Developer business, exclusive of any Restaurant-related costs, ranges from \$109,000 to \$632,500, depending on the number of Restaurants to be developed within the Area Developer's territory. These amounts include an area developer fee which is typically between \$90,000 to \$540,000 that must be paid to us.

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 or grant. Note, however, that no governmental agency has verified the information contained in this document.

You may wish to receive this Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Debra Lynch at 664 W. Warner Road, Tempe, Arizona 85284, (480) 456-5458.

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: March 30, 201228, 2013

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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 <u>Exhibit A</u> 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 AREA DEVELOPER AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY BINDING ARBITRATION NEAR OUR PRINCIPAL OFFICE (CURRENTLY LOCATED IN ARIZONA). 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 NEAR OUR PRINCIPAL OFFICE THAN IN YOUR HOME STATE.
- 2. THE AREA DEVELOPER AGREEMENT STATES THAT ARIZONA 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. IF YOU ARE A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY, OR OTHER BUSINESS ENTITY, YOUR OWNERS WILL HAVE TO GUARANTEE YOUR OBLIGATIONS AND BE BOUND BY THE PROVISIONS OF OUR FRANCHISE AGREEMENT. IF THE OWNER IS A RESIDENT OF A STATE WHICH REQUIRES SPOUSAL CONSENT TO ENCUMBER THE ASSETS OF A MARITAL ESTATE, THEN THE OWNER'S SPOUSE MUST CONSENT TO THE GUARANTY.
- 4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We reserve the right to 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.

The effective dates of this Disclosure Document in the states with registration laws are on the following page:

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FRANCHISE DISCLOSURE DOCUMENT STATE EFFECTIVE DATES

The following states require that the 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 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	April 17, 2012	2013
<u>Hawaji</u>	. 2013	
Illinois	March 30, 201228, 2013	
Indiana	March 30, 2012 28, 2013	
Maryland	June 29, 2012	2013
Michigan	March 30, 201228, 2013	
Minnesota	April 3, 2012	. 2013
New York	April 20, 2012	. 2013
North Dakota	Not Registered	<u>, 2013</u>
Rhode Island	May 2, 2012	2013
South Dakota	March 30, 201228, 2013	
<u>Virginia</u>	, 2013	
Washington	April 7, 2012	. 2013
Wisconsin	March 30, 2012 28, 2013	

In all other states, the effective date of this Disclosure Document is the issuance date of March 30, 2012.28, 2013.

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