

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee <sup>1</sup>	\$35,000	Lump Sum	Upon execution of License Agreement	Us
Lease Deposit and Payment <sup>2</sup>	\$12,000 - \$24,000	Lump Sum	Lease signing	Landlord
Utility Deposits <sup>3</sup>	\$0 - \$9,000	As arranged	As incurred	Utilities
Initial Inventory <sup>4</sup>	\$5,000 - \$20,000	As arranged	Prior to opening	Vendors
Furniture, Fixtures & Equipment <sup>5</sup>	\$243,700 - \$362,200	As arranged	As incurred	Vendors
POS System <sup>6</sup>	\$25,600 - \$29,000	Lump Sum	Upon installation	Vendors
Signage <sup>7</sup>	\$15,000 - \$25,000	Lump Sum	As incurred	Vendors
Initial Marketing Contribution <sup>8</sup>	\$5,200 - \$10,000	Lump Sum	No later than 5 days prior to the opening of the Restaurant	Us
Insurance <sup>9</sup>	\$1,000 - \$11,000	As arranged	As incurred	Insurance Company or Broker
Permits and Licenses <sup>10</sup>	\$2,000 - \$15,000	As incurred	As incurred	Government Authorities
Accounting and Legal Fees <sup>11</sup>	\$500 - \$25,000	As arranged	As incurred	Professionals
Printing/Business Supplies <sup>12</sup>	\$300 - \$1,000	As arranged	As incurred	Vendors
Uniforms <sup>13</sup>	\$1,400 - \$3,300	As arranged	As incurred	Vendors
Training Expenses <sup>14</sup>	\$10,000 - \$25,000	As arranged	As incurred	Hotels, Airlines, etc.
Pre-Opening Payroll <sup>15</sup>	\$10,000 - \$37,000	As incurred	As incurred	Employees
Additional Funds - 3 months <sup>16</sup>	\$1,000 - \$96,000	As incurred	As incurred	Vendors, employees, Utilities, etc.
<b>TOTAL<sup>17</sup></b>	<b>\$367,700 - \$727,500</b>			

## NOTES:

1. **INITIAL FRANCHISE FEE.** See Item 5 for more information. Upon signing the Development Agreement, you will remit to us 50% of the aggregate initial franchise fees to be paid for all Restaurants to be opened under the Development Agreement and the remaining 50% of the initial franchise fee for each Restaurant upon us confirming your site by execution of the License Agreement for that Restaurant.
2. **LEASE DEPOSIT AND PAYMENT.** Your landlord may require a lease deposit and will typically require monthly rent in advance. Rent will vary depending upon the location of the premises and other related factors. The prepaid rent is usually nonrefundable, but that will ultimately be determined by the terms of the lease. The Restaurant must be a stand-alone facility with drive-thru capability. The improved space for a new farmhouse prototype Restaurant is between 2,788 to 4,155 square feet. The typical lot size for a Restaurant is between 0.8 and 1.5 acres. A landlord will typically require a monthly rent based on a 8 to 12% annual capitalization rate of the landlord's costs and expenses for the real estate and improvements. Unimproved real estate for a Restaurant will typically cost between \$300,000 and \$1,100,000. Improvements made to an unimproved lot for a new farmhouse prototype Restaurant, depending on the type of building and the size/number of customer seats, will typically cost between \$850,000 to \$1,700,000.
3. **UTILITY DEPOSITS.** Most utilities, such as local water, sewer, gas, electric and telephone companies, require deposits prior to initial services.
4. **INITIAL INVENTORY.** The Restaurant's initial inventory requirements will include chicken, dry goods, sauces, refrigerated goods, batters, paper goods and other food and non-perishable items.
5. **FURNITURE, FIXTURES AND EQUIPMENT PACKAGE.** This estimate includes the cost of purchasing booths, tables, chairs, digital menu boards, digital point of purchase products, decor items, office supplies, refrigeration and cooking equipment, shelving, sinks, smallwares and drive thru timer system as described in the Manual. The estimated costs include purchase price, delivery and installation.
6. **POS SYSTEM.** This estimate includes the cost of the hardware purchased and software licensed from our designated vendor, as well as the initial cost of the annual payment for the software maintenance contract, help desk service and MyMicros service.
7. **SIGNAGE.** A Restaurant is generally outfitted with a sign with open channel neon letters ovuyher the Restaurant and pole signs which must be approved by us. The estimated costs represent manufacture and installation. This cost is substantially more if you elect to utilize an interstate type signage.
8. **INITIAL MARKETING CONTRIBUTION.** You must submit to us no later than five days prior to the date of opening of the Restaurant the Initial Marketing Contribution. We will determine the Initial Marketing Contribution, in our sole discretion, provided that it shall not exceed \$10,000. We will spend your Initial Marketing Contribution on your behalf according to your initial marketing plan prior to or during the first 120 days of operation of the Restaurant. Currently, Licensees whose Restaurants are located in a geographic area with an established Co-op will be required to spend a minimum of \$5,200 on the initial marketing plan, and Licensees whose Restaurants are located in a geographic area without an established Co-op will be required to spend \$10,000 on the initial marketing plan. You must submit to us invoices in support of all such required expenditures, and upon receipt of each such invoice, we will make payment directly to the providers of such promotional, marketing and advertising services. The initial marketing plan is a written plan that must be developed by you and approved by us prior to the Restaurant opening. Additional information regarding the initial marketing plan is contained in Item 11 of this disclosure document.
9. **INSURANCE.** You must obtain and maintain on a primary and non-contributory basis at least a commercial general liability policy, commercial automobile liability policy, commercial property liability policy, workers' compensation/employer's liability policy, umbrella liability policy, employment practices liability policy, and cyber and privacy policy.
10. **PERMITS AND LICENSES.** This amount represents the estimated fees you will pay to apply for various permits and licenses, such as building permits, sales tax permits, incorporation fees, fire inspection fees and health department inspection fees. The applications and fees required will depend upon the regulations of the governing agencies in your area.
11. **ACCOUNTING AND LEGAL FEES.** These fees will be paid to professionals that assist you in the review of the franchise opportunity, negotiation of leases and contracts related to the development of the Restaurant, establishment of the licensee-entity (if needed) and set up of the accounting and related systems for the Restaurant.
12. **PRINTING/BUSINESS SUPPLIES.** This estimates the cost of certain required pre-printed materials, such as business cards, letterhead, envelopes, checks, gift certificates and menus. All of these items must use our approved artwork and otherwise meet our specifications in the Manual. They must also be purchased from an approved vendor.
13. **UNIFORMS.** This estimates the cost of certain required uniforms, including aprons, shirts, nametags and caps. All of these items must use our approved artwork and otherwise meet our specifications in the Manual. They must also be purchased from an approved vendor.
14. **TRAINING EXPENSES.** These expenses include the cost of transportation, meals, accommodations, and similar expenses associated with the attendance of 4 people at the required portions of initial training. More information regarding initial training can be found in Item 11 of this disclosure document.
15. **PRE-OPENING PAYROLL.** This amount represents payroll expenses associated with pre-opening training, initial employee meetings, cleaning, preparation, stocking, organizing, decorating and last minute details for the entire staff.
16. **ADDITIONAL FUNDS - 3 MONTHS.** This figure is an estimate of anticipated working capital required during the first 3 months of a Restaurant's operation.
17. **TOTAL ESTIMATED INITIAL INVESTMENT.** We are unable to calculate the exact investment required of each licensee due to the many factors that influence the total project costs. We based these estimates on our affiliates' and licensees' experience in operating numerous Restaurants. The actual amount of your investment will vary based on location, real estate costs, local economy, restaurant size and seating capacity, available real estate financing or investor capital and many other factors discussed in the previous 16 notes. These totals do not include the cost of purchasing real property for the Restaurant. Except as described in Note 1 or as negotiated with a third party vendor, all amounts are nonrefundable.

We do not offer financing, directly or indirectly, for any part of the initial investment. Your ability to obtain financing from third parties will depend upon factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.