

location which is a part of Franchisor System; then we may make such modifications or cause to be made such modifications or alterations at your expense.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Below are estimates of your initial investment with respect to three prototypical Restaurants. These estimates are subject to modification based upon the Restaurant's location, our cost of providing services, and any future policy changes. In addition, if you do not already own space adequate for a Restaurant, you will have to purchase or lease land and/or space for the Restaurant. We cannot estimate your initial investment for any particular Restaurant which is not prototypical.

Prototypical Free-Standing Restaurant

Free-Standing Ground-Up Construction

Typical free-standing restaurants will require from 30,000 to 40,000 square feet of land for the restaurant and sufficient parking facilities (including average setback requirements) designed to accommodate approximately 22 to 30 motor vehicles. Typical land costs could range between \$10.00 to \$28.00 per square foot of land. However, a free-standing site in a shopping center or on a major highway or thoroughfare will cost more than an end-cap in a shopping center or a building in a smaller community. Typical site preparation costs (including paving) could range between \$5.50 to \$9.00 per square foot of the land. Accordingly, typical land costs could range between \$250,000 to \$1,008,000, and site preparation costs could range between \$137,500 to \$324,000. Finally, free-standing restaurants are generally around 2,052 square feet. Typical construction costs of the building could range between \$220.00 to \$250.00 per square foot of the building. Accordingly, typical construction and finish-out costs for this type of construction could range between \$895,890 to \$1,414,500.

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 to \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 to \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$175,000 to \$275,000	As Arranged	As Arranged	Approved Suppliers
Signs and Menu Boards ⁽⁴⁾	\$50,000 to \$100,000	As Arranged	As Arranged	Approved Suppliers
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 to \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$5,200 to \$42,500	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Inventory/Supplies ⁽⁸⁾	\$12,000 to \$15,000	As Arranged	As Arranged	Approved Suppliers
Architect/Engineer Fees ⁽⁹⁾	\$12,000 to \$42,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	Variable	As Arranged	As Arranged	Seller
Cost of Lease ⁽¹¹⁾	N/A	--	--	--
Site Preparations ⁽¹²⁾	\$137,000 to \$324,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$451,440 to \$513,000	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 to \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 to \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 to \$30,000			
TOTAL	\$895,890 to \$1,414,500			

Free-Standing Conversion

You may purchase an existing facility if such facility can be adequately modified in accordance with our design and layout plans and specifications for a prototypical Restaurant. Typical free-standing restaurants to be converted are generally 1,600 to 2,400 square feet and have access to sufficient parking facilities to accommodate approximately 22 to 30 motor vehicles. Typical construction improvement costs could range between \$130.00 to \$155.00 per square foot of restaurant. These improvement costs are based upon adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 1,600 to 2,400 square feet. In addition, you will be paying the higher amount if you are responsible for providing connections to adequate electrical, gas, water, and sewage services. Accordingly, typical construction and finish-out costs for this type of construction could range between \$438,450 to \$957,500.

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 to \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 to \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$100,000 to \$275,000	As Arranged	As Arranged	Approved Suppliers

Type of Expenditure ⁽¹⁾	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Signs and Menu Boards ⁽⁴⁾	\$50,000 to \$100,000	As Arranged	As Arranged	Approved Suppliers
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 to \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$5,200 to \$42,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory/Supplies ⁽⁸⁾	\$12,000 to \$15,000	As Arranged	As Arranged	Approved Suppliers
Architect/Engineer Fees ⁽⁹⁾	\$10,000 to \$25,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	Variable	As Arranged	As Arranged	Seller
Cost of Lease ⁽¹¹⁾	N/A	--	--	--
Site Preparations ⁽¹²⁾	\$0 to \$25,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$208,000 to \$372,000	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 to \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 to \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 to \$30,000			
TOTAL	\$438,450 to \$957,500			

Prototypical End-cap Restaurant

Typical end-cap restaurants are generally 2,000 to 2,400 square feet and have access to sufficient parking facilities to accommodate approximately 22 to 30 motor vehicles. Typical leasehold improvement costs could range between \$130.00 to \$155.00 per square foot of restaurant. These leasehold improvement costs are based upon adapting our prototypical architectural and design plans (including architect fees) to a facility containing approximately 2,000 to 2,400 square feet. In addition, you will be paying the higher amount if you are a first-generation tenant who is responsible for providing connections to adequate electrical, gas, water, and sewage services. Also, your landlord may provide an allowance for tenant improvements, but you cannot assume that you will be receiving any amount. Accordingly, typical construction and finish-out costs for this type of construction could range between \$470,450 to \$946,400. In addition, you will be responsible for rent and a security deposit. Your annual rent for leased space will vary based upon a variety of factors such as whether the Restaurant is located within an existing retail business (e.g., shopping mall), the quality of the retail business, the quality of the site and the surrounding trade area and market factors such as availability of land and comparable sale price and lease rates. Although the amounts will vary

significantly due to your negotiations with your landlord, your typical first month's rent and security deposit could range between \$10,000 to \$18,900.

Type of Expenditure ⁽¹⁾	End-Cap Conversion	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees ⁽²⁾	\$30,000	Lump Sum	When you sign Franchise Agreement	Us
Site Evaluation Fee ⁽³⁾	\$0 to \$2,500	As Arranged	As Arranged	Us
Other Site Selection Assistance	\$0 to \$1,000	As Arranged	As Arranged	Approved Suppliers
Furniture, Fixtures, and Equipment ⁽⁴⁾	\$150,000 to \$275,000	As Arranged	As Arranged	Approved Suppliers
Signs and Menu Boards ⁽⁴⁾	\$30,000 to \$70,000	As Arranged	As Arranged	Approved Suppliers
Delivery and/or Catering Vehicle(s) ⁽⁵⁾	Variable	As Arranged	As Arranged	Approved Suppliers
Initial Training Costs (travel and living expenses) ⁽⁶⁾	\$10,000 to \$25,000	As Arranged	As Invoiced	Airlines, Hotels and Restaurants
Computer & POS Systems ⁽⁷⁾	\$5,200 to \$42,500	As Arranged	As Arranged	Approved Suppliers
Initial Inventory/Supplies ⁽⁸⁾	\$12,000 to \$15,000	As Arranged	As Arranged	Approved Suppliers
Architect/Engineer Fees ⁽⁹⁾	\$10,000 to \$25,000	As Arranged	As Arranged	Architect, Engineer
Cost of Real Estate ⁽¹⁰⁾	N/A	--	--	--
Cost of Lease ⁽¹¹⁾	\$10,000 to \$18,900	As Arranged	As Arranged	Landlord
Site Preparations ⁽¹²⁾	\$0 to \$25,000	As Arranged	As Arranged	Contractors, Vendors
Construction and Finish-Out Cost ⁽¹³⁾	\$200,000 to \$372,000	As Arranged	As Arranged	Contractors, Vendors
Professional Services ⁽¹⁴⁾	\$2,500 to \$7,000	As Arranged	As Arranged	Accountants, Lawyers, Others.
Insurance ⁽¹⁵⁾	\$750 to \$7,500	As Arranged	As Arranged	Insurance Broker
Additional Funds ⁽¹⁶⁾	\$10,000 to \$30,000	--	--	--
TOTAL	\$470,450 to \$946,400			

Notes:

(1) The cost of land, site preparation, leasehold improvements, finish-out costs, and remodeling a Restaurant vary substantially, depending upon the lot size, geographic area, previous use and condition,

market conditions, the amount of site preparation necessary (including paving), and type and quality of site preparation materials utilized. Your costs may or may not include site preparation and finish-out costs, depending on the arrangements you negotiate with your seller or landlord. In addition, labor and material costs may vary significantly due to variations in wage rates, labor efficiency, union restrictions, and availability, type, and price of materials.

(2) The initial franchise fee in all areas is \$30,000. See Item 5 for more information about the initial franchise fee. If you are a VetFran Participant, the initial franchise fee for your first Golden Chick Restaurant shall be reduced by 33.33% of our then-current initial franchise fee. See Items 1 and 5 for more information about being a VetFran Participant.

(3) If you have not located and obtained our approval for a site prior to the execution of the Franchise Agreement, then you may be required to pay us a non-refundable Site Evaluation Fee totaling \$2,500 prior to our conducting a preliminary site evaluation.

(4) These amounts include the cost of the furniture, fixtures, equipment, smallwares, decor items, interior graphics, sound system, and building signage required for your Golden Chick Restaurant. The cost of signage will vary depending on the restrictions as to size and specifications imposed by your landlord and local ordinances.

(5) Any vehicles you utilize for delivery and/or catering services must be equipped per our specifications. We cannot estimate your cost for these vehicles due to a variety of factors including which services you offer, the use of third-party vendors for those services, the number of vehicles used, whether you purchase or lease the vehicles, and the size and market conditions of your Assigned Area (as defined in Item 12 below).

(6) These amounts represent your estimated training-related, out of pocket costs to send these individuals to our training program; wages are not included. You must pay all expenses you or your employees incur in the initial training program, like travel, lodging, meals, and wages. These costs will vary depending upon a variety of factors including salaries, wage rates, choice of hotels and dining facilities, and airfare or other transportation costs. The low amount assumes that all trainees are owner/operators who draw no salary and who reside in the greater Dallas/Fort Worth area.

(7) The low amount assumes that you will lease or finance payment of the computer system and reflects the cost of installation and three months of estimated lease or finance payments. The high amount assumes that you will purchase the computer system. The average amount paid if you lease the computer system is \$1,100 per month (5-year lease) and \$42,500 if you purchase the computer equipment.

(8) This estimate includes the cost of food, beverages, condiments, packaging, and other supplies for approximately the first two to ten days of operations.

(9) This estimate includes the cost to hire an architect approved by us to adapt our standard plans and specifications to site and to local and state laws, regulations and ordinances. An engineer ordinarily will be required only for new construction, conversions, surveying, soil tests, environmental studies, and electrical and mechanical engineering. An architect or engineer also will be required to supervise the construction and improvements of the restaurant premises. The amount of architect/engineer fees may be lower if a developer or landlord is assuming some of these charges. Because of numerous variables affecting whether a developer or landlord assumes some of these charges, these initial investment tables do not reflect any potential reduction in these charges.

(10) The cost of purchasing real estate for a Restaurant will depend upon factors such as location, size, visibility, economic conditions, accessibility, competitive market conditions, and the type of ownership interest you are buying. Because of numerous variables affecting the value of a particular piece of real estate, these initial investment tables do not reflect the potential purchase cost of real estate.

(11) The cost of leasing commercial space for the Restaurant depends upon location, size, visibility, economic conditions, accessibility, competitive market conditions, and other factors including whether the Restaurant is an in-line or freestanding unit.

(12) Site preparations includes site improvement costs such as sewer, electrical, water, storm water, paving, striping, concrete, landscaping, grading and excavation, and site accessories.

(13) Construction and finish-out costs includes improvements to the location where you will operate your Restaurant. Among other things, you will need to arrange for proper wiring and plumbing, floor covering, wall covering, partitions, heat, air conditioning, lighting installation, storefront modifications, painting, cabinetry, bathroom facilities, etc. as outlined in your architectural drawings.

(14) This estimate covers professional and state filing fees for forming a business entity, and professional fees for engaging an attorney and an accountant to assist you with your franchise purchase. The cost of professional services can vary widely, depending upon factors such as locality, the extent of the assistance you require and other local circumstances (i.e., zoning, permits, and licenses).

(15) This amount represents an estimated down payment of your annual insurance premiums, equal to two months' payment. See Item 8 for a description of your minimum insurance requirements. Your cost of insurance will vary depending on the insurer, the location of your Restaurant, your claims history, and other factors, including if you provide delivery services. The amounts given do not include estimates for the automobile liability insurance required under the Franchise Agreement. If you offer delivery and catering services under the terms of the Franchise Agreement, we estimate that the annual premiums for each motor vehicle which you utilize will range from \$1,300 to \$1,800. Automobile insurance rates may vary substantially as described above.

(16) You will need capital to support ongoing expenses, such as employee wages, utilities, payroll taxes, legal and accounting fees, travel, advertising, promotion, outside services, linen, operating supplies, small equipment, maintenance and repair, office supplies, cash shortages, insurance, debt service, and non-product purchases, as well as additional opening capital for other variable costs. These figures are estimates of the first three months of operation and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as how well you follow our methods and procedures; the sales volume of your restaurant; your management skill, experience, and business acumen; local economic conditions; the local market for our product; the prevailing wage rate; competition; your rent or debt structure; and whether your restaurant is not a typical location.

We relied on the experience of our affiliates' company-owned Golden Chick Restaurant to compile these estimates. Restaurants opening in cold weather months may be more likely to need capital in the initial 3-month period because restaurant sales are typically lower. You should review these figures carefully with your business advisor.

Modular Construction Testing

Over the past few years, we have been testing several alternatives to shorten our construction timelines while improving quality in the process. One of the alternatives currently being tested by our development team is modular construction. Modular construction allows for portions of the Golden Chick Restaurants to be built