

**ITEM 7
ESTIMATED INITIAL INVESTMENT**

A. YOUR ESTIMATED INITIAL INVESTMENT ¹

Type of Expenditure	Estimated Amount or Estimated Low -High Range	Method of Payment	When Due	To Whom Made
Development fee ² (if applicable)	\$25,000	Lump sum	At signing of Development Agreement	Us
Initial franchise fee ³	\$0 - \$50,000	Lump sum	At signing of Franchise Agreement	Us
Fee for trade area survey analysis ⁴	\$0 - \$11,000 (plus expenses)	Lump sum	As agreed	Us
Land ⁵	Not included	Not included	Not included	Not included
Fee for architect/ engineering services	\$192,500 - \$520,000	As agreed	As agreed	Consultants
Environmental assessment ⁶	\$2,500 - \$30,000	As agreed	As agreed	Suppliers
On-site improvements (excluding landscaping) ⁷	\$100,000 - \$265,000	As agreed	As incurred	Suppliers
Construction ⁸	\$640,000 - \$900,000	As agreed	As agreed	Consultants/ suppliers
Furniture, fixtures and equipment ⁹	\$250,000 - \$460,000	As agreed	As incurred	Suppliers
IT equipment and installation ¹⁰	\$45,000 - \$60,000	As agreed	As agreed	Us or suppliers
Computer-related services and licensing ¹¹	\$1,000	As agreed	Primarily	Us
Initial inventory	\$12,000 - \$20,000	As agreed	As incurred	Suppliers
Pre-opening training and inventory expenses ¹²	\$50,000 - \$55,000	As agreed	As incurred	Employees
Pre-opening additional funds ¹³	\$14,000 - \$17,000	As agreed	As incurred	Suppliers
Uniforms	\$1,500 - \$3,000	As agreed	As incurred	Suppliers
Operating cash	\$1,200 - \$3,000	As agreed	As incurred	Suppliers
Business licenses and utility deposits ¹⁴	\$2,000 - \$8,000	As agreed	As incurred	Utilities
Additional funds ¹⁵ (3 months)	\$165,300 - \$458,600	As agreed	As incurred	Employees, suppliers, utilities
Total estimated cost for prototypical Mark 9-Style restaurant (excluding land, financing and certain other costs) ¹⁶	\$1,502,000 - \$2,886,000			

- (1) These initial investment figures are based on Company costs in fiscal year 2016 to open a Mark 9-Style restaurant. The Mark 9-style building is the building style currently approved for new construction. All portions of the initial investment paid to the Company are fully earned by the Company when paid, and are not refundable. Your financing cost may affect your total investment significantly. You may not incur all the costs identified you may incur additional costs, and your actual costs will likely be a blend of the costs identified. The total capital cost to build a Jack in the Box restaurant per our 10-K guidance is between \$1,200,000 and \$2,000,000.

- (2) We describe the Development Fee in Item 5. Under the Development Incentive Program, the development fee may be waived.
- (3) We describe the Initial Franchise Fee in Item 5.
- (4) We describe a trade area survey analyses in Item 5. Amount listed is for a single site survey.
- (5) The cost of land will vary widely, depending upon size and location of the property and whether you purchase or own the land or enter into a lease arrangement therefore. (See Exhibit N, Lease Agreement, for a description of lease terms if you lease from JIB.) Typical physical site criteria would include 20,000 - 30,000 square feet, 150 feet of frontage, 2,032 - 2,561 square feet for building, and parking to accommodate 20 - 30 spaces.
- (6) A "Phase One" assessment costs approximately \$2,500 to \$3,500. The cost of a "Phase Two" assessment varies considerably, ranging from \$10,000 to \$20,000. The cost of a "Phase Three" assessment ranges from \$30,000, up.
- (7) Site improvements include excavation, grading, utility work and outdoor lighting, among other things. Offsite development costs, if any, are excluded.
- (8) The Company compiled these estimates based on its experience building its prototypical building where there were no unusual conditions such as special signage needs or city-required exterior finishes. The estimate does not include costs of building permits; onsite or offsite site improvements such as lighting, land excavation or fill, utility work, and paving; landscaping; or complying with the requirements of any governmental authority. Construction costs will vary widely depending upon the size, condition, and location of the property.
- (9) Depends upon kitchen configuration and dining room size. Excludes security equipment.
- (10) Includes purchase and installation of Back-Office PC, Web-based mobile training device, point-of-sale system, kitchen display equipment, speed of service equipment, network infrastructure equipment, and order confirmation system.
- (11) The computer-related licensing fees are POS Software.
- (12) The pre-opening training and inventory expenses in a new market can be significantly higher.
- (13) "Pre-opening additional funds" include any miscellaneous expenses required before the restaurant opens, but excludes the following; rent related items, property taxes, labor and food cost. Costs may vary widely depending upon your restaurant location, economic conditions, and competition.
- (14) Business licenses and utility deposits costs vary greatly by municipality and state.
- (15) "Additional funds" include the following for the first three (3) months of operations: initial employee wages; management compensation; ongoing purchases of inventory of food and supplies; utilities; repairs and maintenance; and insurance (annual premium). It excludes income taxes, officer compensation, Workers' compensation insurance, property insurance, general and administrative expenses, interest, other income and expense, royalties, marketing fees, depreciation, rent, taxes and license expenses, other labor expenses, bonuses, travel expenses, and cash overage/shortage. You may have additional expenses starting the business. Costs may vary widely depending upon your restaurant location, sales volume, staffing choices, management skill and experience, economic conditions, the labor market, and competition.
- (16) Financing rates, lease rates, cash injection, loan or lease fees, creditworthiness, lender selection and interest rates, closing costs and factors may vary greatly, and will significantly affect your initial investment. The Company may offer some limited financing. (See Item 10.)

If you are developing a Nontraditional Restaurant, certain categories of the identified costs may vary significantly from those disclosed above. We anticipate that at least the following expenditures will vary from those stated above: You will not pay any Development Fee. The Initial Franchise Fee will be \$25,000. On-Site Improvements are likely to range from \$0 to \$404,000. On-Site Improvement costs will be vary depending on the stage of build out that the site is in when you lease it. Construction costs are likely to range from \$369,900 to \$695,500. Furnishings, fixtures and equipment are likely to range from \$235,200 to \$420,100. Construction costs and Furnishings, fixtures and equipment costs vary depending on the size of the location, finishes, signage, and other items. The environmental assessment will likely range from \$0 to \$30,000. All other initial costs disclosed above are expected to be the same for both traditional and non-

traditional restaurants. Accordingly, we anticipate that the overall cost range for a non-traditional location will be \$988,100 to \$2,302,200.

B. INITIAL INVESTMENT IF EXISTING RESTAURANT IS PURCHASED

If you purchase an existing *Jack in the Box* restaurant from us, your costs will be different from those stated under A. above. You will pay a negotiated price for the ongoing business, including fixtures, furniture, and equipment, plus costs for existing inventory. If you buy one of certain older restaurants from us, you will be required to remodel the restaurant within a designated time frame after acquisition. You will receive a remodel incentive credited at closing to remodel the restaurant, but if you do fail to remodel the restaurant within the time frame required, you will be required to reimburse us the incentive amount. You may also be required to enter into a lease with vendors for certain equipment that has already been installed at the restaurant. In some cases, signage at the restaurant will have to be replaced at an average approximate cost of \$20,000 per restaurant.

If you purchase an existing restaurant from us, you are taking the restaurant in “as-is” condition and are responsible for resolving any maintenance and repair issues that may exist.