

ITEM 7

ESTIMATED INITIAL INVESTMENT YOUR ESTIMATED INITIAL INVESTMENT

SINGLE FRANCHISE UNIT

Type of Expenditure	Actual or Estimated Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fees (1)	\$0 - \$29,500	Lump Sum	On execution of Franchise Agreement	Us
Three Month's Rent and Security Deposit (2)	\$12,500 – \$34,667	As Arranged	As Arranged	Lessor
Leasehold Improve- ments (3)	\$20,000 – \$35,500	As Arranged	As Arranged	Contractor
Equipment, Furniture, Fixtures, (4)	\$5,000 – \$10,000	As Arranged	As Invoiced	Suppliers
Signs (5)	\$6,000 - \$14,500	As Arranged	As Invoiced	Suppliers
Business Licenses and Permits (6)	\$300 – \$3,000	As Arranged	As Invoiced	Government Agen- cies, Lawyers, Other Third Parties
Initial Training Costs (7)	\$6,000 – \$15,000	As Arranged	As Invoiced	Employees and Suppliers
Computer Hardware and Software (8)	\$2,700 – \$5,000	As Arranged	As Arranged	Suppliers
Initial Inventory/Sup- plies (9)	\$95,000 – \$195,000	As Arranged	As Arranged	Suppliers
Professional Services (10)	\$1,500 – \$4,000	As Arranged	As Arranged	Accountants, Law- yers, Business Ad- visors, etc.

Type of Expenditure	Actual or Estimated Amount Low - High	Method of Payment	When Due	To Whom Payment is to be Made
Promotional Expenses (11)	\$2,500-\$15,000	As Arranged	As Arranged	Suppliers
Insurance (12)	\$ 2,000 – \$5,000	As Arranged	As Arranged	Insurance Broker
Additional Funds (13)	\$20,000 – \$33,500			
TOTAL	\$173,500 to \$399,667			

Notes:

(1) The amount of your initial franchise fee will vary depending upon whether you qualify for any special programs. The low estimate assumes that you qualify for a special program and the high estimate assumes that you pay the standard initial franchise fee.

(2) This estimate is based on our experience in opening five Stores in Dallas/Fort Worth metroplex. These amounts assume that you will lease the premises for the Store and do not include costs of land acquisition and construction of a building. The low estimate assumes rent at \$18.00 per square foot for a 2,500 square foot Store and the high estimate assumes \$26 per square foot for a 4,000 square foot Store. Both estimates assume three months rent and that the landlord will require a security deposit equal to one month's rent.

(3) The leasehold improvements estimate is based on the cost of adapting a set of architectural and design plans to a facility containing approximately 2,500 to 4,000 square feet. The leasehold improvement ranges will be affected by various factors like the location of the Store and local market conditions. The estimates assume that the landlord will provide connections to adequate electrical, gas, water and sewage service and a finish out allowance of \$100,000.00. Your actual costs may or may not include site preparation and finish out costs, depending on the arrangements you negotiate with your landlord. If your landlord does not contribute to the cost of finish out, total leasehold improvement costs would be increased. Payment by the Landlord of a finish out allowance typically is reflected in higher rents and/or longer lease terms. These costs are our best estimate based on commercial leasing and remodeling/finish out rates that we experienced in Texas, These estimates may vary substantially based on your ability to negotiate with your landlord and your financial strength, as well as on local commercial leasing and labor rates and other local conditions.

(4) These amounts include the cost of the furniture, fixtures, equipment, decor items, and signage required for your Playtri Store.

(5) The low estimate assumes one external building sign and one internal sign while the high estimate assumes two external signs and one internal sign.

(6) This amount represents the estimated cost of various operating licenses required at the local, regional, or state level.

(7) We provide 2 weeks (10 business days) of initial training to up to two individuals including the franchisee, at no additional charge. Therefore, these amounts include only your outofpocket costs for the training of these people. 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 your selection of salary levels, lodging and dining facilities, mode and distance of transportation. The low estimate assumes that only one individual attends training. We recommend that your shop technician participate in Bik Tech training supplied by an independent vendor. The high estimate assumes outside training for one individual (See Item 11)

(8) This amount includes the initial cost of computer hardware, software, a cash drawer, printer, UPC scanner, broadband modem and three months of point of sale software services provided by an approved vendor, that you must use in the operation of your Store. (See Item 11)

(9) We estimate that this range will cover the cost of inventory that is not consigned and purchased by you. Inventory will need to be replaced when sold. The low and high estimate provides a range of inventory expense required to open a Store.

(10) This estimate is for the cost to retain an attorney, establish an entity to hold the franchise and have input from your accountant and/or business advisor. The cost of professional services can vary widely.

(11) You must carry out a grand opening promotion for the Store in compliance with our written specifications. We must approve all advertising items, methods and media. We provide on-site opening assistance at no additional charge.

(12) This amount represents an estimate for 3 months of your annual insurance premiums. You must obtain the insurance coverage described in the Franchise Agreement. We must be named as an additional insured on these policies. Your cost of insurance may vary depending on the insurer, the location of your Store, your claims history, and other factors.

(13) You will need additional funds during the start-up phase of your business to pay employees, purchase supplies and pay other expenses. We estimate the start-up phase to be 3 months from the date you open for business. These amounts do not include any estimates for debt service. You must also pay the royalty and other related fees described in Item 6 of this disclosure document. These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves. We relied on the experience of our five company-owned Playtri Store to compile these estimates. You should review these figures carefully with your business advisor.

Unless otherwise stated above, these estimates are subject to increases based on changes in market conditions, our cost of providing services and future policy changes. At the present time, we have no plans to increase payments we control.

We do not offer any financing for your initial franchise fee or any portion of your initial investment. Unless otherwise stated, the amounts described above are not refundable.

These figures are estimates, and we cannot assure you that you will not have additional expenses. Your actual costs will depend on factors like your management skills, experience and business acumen. You should base your estimated start-up expenses on the anticipated costs in your market and consider whether you will need additional cash reserves.