

9880

BDM

SITE EVALUATION FOR TRADITIONAL SITES

STORE #: 9880 FA Effective Date: 8/4/2005 Date Prepared: 8/12/2005

FRANCHISEE NAME:	<u>Lawrence J Schofield</u>	COMPANY:	<u>TBD</u>
PHONE #'s OFFICE:	<u>same</u> FAX: <u>0</u>	HOME:	<u>504 361-8434</u>
HOME ADDRESS:	<u>2800 Wabash St. New Orleans, LA 70114</u>	DDM ZONE:	<u>Zone 3 - East</u>
FRANCHISEE EMAIL:	<u>ltschofield@cox.net</u>	DDM REGION:	<u>Southeast</u>
QUIZNOS' BROKER:	<u>John Moss</u>	DDM MARKET:	<u>New Orleans</u>
BROKER PHONE #:	<u>504 523-4481</u>	DDM PHONE #:	<u>504 957-1363</u>
BROKER FAX #:	<u>504 523-4475</u>	PREPARED BY:	<u>Joe Mann</u>

LOCATION:
2801 Magazine Street Suite 4 New Orleans, LA 70113 Orleans Washington Ave.
Street Address Suite City, State Zip County Cross Street

Y1 Magazine Leon Lastrapes 504 450-9044 0
Landlord/Developer Contact Name Phone Email Address

Magazine Street Leon Lastrapes 504 450 9044 0
Project/Site Name Construction Contact Name Phone Email Address

TRADE AREA TYPE: <u>Suburban</u>	CURRENTLY VACANT: <u>Yes</u>
SITE TYPE: <u>Shopping Center</u>	FACILITY TYPE: <u>In line</u>
CURRENT/PRIOR USE: _____	<u>antique store</u>
DAYS OF OPERATION: <u>7</u>	PATIO AVAILABLE: <u>No</u>
GREEN SITE: <u>No</u>	HOW MANY SEATS? _____

SIZE:
 Dimensions of premises: 18 ft. of frontage x 111 ft. of depth = 1,998 Total SF
 Total GLA of Center: 25,000 100% Percent leased

SIGNAGE:

STANDARD Q SIGN	<u>Yes</u>	_____	Dimensions _____ of frontage
PYLON/MONUMENT	<u>No</u>	_____	Dimensions _____ How high?
DIRECTORY SIGN	<u>No</u>	_____	Dimensions _____
WINDOW NEONS	<u>No</u>	_____	
STANDARD AWNING	<u>No</u>	_____	Dimensions (3 dimensions) _____

ZONING/PERMITS:
 CURRENT ZONING: commercial
 SPECIAL USE/VARIANCE: Not Required How long for Building Dept. approval? 14 days
 If required, describe _____

PROPOSED LEASE SUMMARY:

Landlord Turnover Date:	<u>10/15/2005</u>	Base Rent - Yr. 1	\$ <u>4,162.50</u> per month
Rent Commencement Date:	<u>120 from obtaining applic</u>	Base Rent - Yr. 2	\$ <u>4,162.50</u> per month
Projected Opening Date:	<u>1/15/2006</u>	Base Rent - Yr. 3	\$ <u>4,162.50</u> per month
Radius Clause:	<u>No</u>	Base Rent - Yr. 4	\$ <u>4,162.50</u> per month
Exclusive Use:	<u>Yes</u>	Base Rent - Yr. 5	\$ <u>4,162.50</u> per month
Approved Signage Attached:	<u>Yes</u>	CAM - Yr. 1 Est.	\$ <u>166.50</u> per month
Quiznos Addendum Attached:	<u>Yes</u>	Taxes - Yr. 1 Est.	\$ <u>166.50</u> per month
Tenant takes space "As-Is"	<u>Yes</u>	Insurance Est.	\$ <u>83.25</u> per month
Landlord TI Allowance:	<u>none</u>		
Rent Abatement:	<u>none</u>	Describe	_____

i.e. half rent for 12 months

TRADE AREA:

TRADE AREA TYPE: Suburban
 SOURCE - BUSINESS LUNCH: two college universities, commercial and residential traffic
 SOURCE - BUSINESS LUNCH: same
 POSITIVE FEATURES OF SITE: high traffic, good do-tenancy, ample signage and parking
 NEGATIVE FEATURES OF SITE: no build out assistance from the LL

TRAFFIC COUNTS: 2801 Magazine Street Suite 4 20000 ++ 35
Main Street Name # cars/avg. weekday speed limit
Washington Ave.
Cross Street Name # cars/avg. weekday speed limit

ACCESS: RATING: Excellent
 LEFT TURN IN: Yes
 LEFT TURN OUT: Yes
 MEDIANS: No

VISIBILITY: Distance in total linear feet storefront is visible from:
 NORTH: 0 EAST: 1000
 SOUTH: 1000 WEST: 1000

PARKING: Quiznos spaces available: _____ Shared parking sufficient: Yes

DEMOGRAPHICS:
 Attach copy of full demographic report to site package.

	1-mile	2-mile	3-mile
Primarily a drive-to site			
Residential Population	28,897	81,220	177,754
Median Household Income	\$ 29,165	\$ 27,992	\$ 29,737
Daytime Population	14,849	101,167	212,899
Primarily a CBD walk-to site			
Daytime Population	1/4 mile	1/2 mile	1-mile

OTHER QUIZNOS LOCATIONS/SITES:


Location <u>7687 - Napoleon St.</u>	Distance: <u>1.5 miles</u>
Location <u>7688 - Washington</u>	Distance: <u>2.5 miles</u>
Location <u>7285 - Tchoupitoulas</u>	Distance: <u>3.5 miles</u>
Location <u>7362 - Terry parkway</u>	Distance: <u>3.5 miles</u>

The undersigned hereby requests approval of the above site. The undersigned acknowledges and agrees that:
 a. His/Her approval of such site is not a result of any representations regarding projected sales volumes, market potential revenues, or Profits made by Franchisor's employees, agents, consultants, Area Directors, or representatives.
 b. He/She has had the opportunity to obtain legal, financial, and other expert advice prior to the approval of such site.

The undersigned makes the following independent estimates relating to the subject site:

- Leasehold Improvements: \$ 100,000 (Leashold improvements less LL contribution)
(Note: All costs including, but not limited to, franchise fee, leasehold improvements, furniture, fixtures, equipment, signage, deposits, working capital, training, legal, architecture, attorneys, etc.)
- Total Project Costs: \$ 215,000
- Total Financing: \$ 145,000 Term: 10 Yrs. Int. Rate: 7.00%
 Lender's Name: TBD Payment: \$ 1,683.57

The undersigned also understands that an acceptance of the site and Site Submittal Package by Franchisor, its Area Director, employees, or representative does not mean that Franchiser agrees with and/or approves any or all of the undersigned's cost estimates, construction estimates, or terms and conditions of the lease or contract to buy the location. Nor does it constitute a recommendation, endorsement, warranty, or guaranty of the suitability of the location, and the undersigned has taken all steps necessary to ascertain that such location is acceptable to the undersigned.

Submitted on this 12 day of AUG - 05 by: LAWRENCE J. SCHOFIELD

Print Name Site Evaluation

ACKNOWLEDGEMENT AND RELEASE FORM

The undersigned, individually and as Franchisee, under a Franchise Agreement dated, 8-4, 2005 (the "Franchise Agreement") by and between the undersigned and Quizno's Franchising II LLC or its successors, assigns or affiliates ("Franchisor") hereby states as follows:

1. All capitalized terms used herein shall have the same meaning as ascribed thereto in the Franchise Agreement.

2. The undersigned acknowledges that the Franchisor or its agents or employees, including Franchisor's Area Director, may have entered into preliminary discussions or negotiations concerning the economic or other material terms of a possible lease for property or space on or in which the Franchised Business facilities may be located, and may have prepared or provided the information in a Site Submittal Package or other form of information relating to the subject site, which premises are located at 2801 MAGAZINE ST. Franchisee further acknowledges that no lease or binding agreement to enter into a lease has been executed or agreed to by Franchisor and that, pursuant to the Franchise Agreement, Franchisee will undertake negotiation of any such lease and is not bound by any preliminary discussions or negotiations engaged in by Franchisor or its agents and employees. The undersigned acknowledges that the final lease may contain certain provisions that create additional risks to the Franchisee, including but not limited to the following:

- Risks associated with high rental amounts, and the corresponding minimum monthly sales volume necessary to fulfill the undersigned's initial expenses and ongoing expenses. Please refer to the Real Estate/Design and Construction Workbook (the "Workbook").
- Risks associated with a lease term that is less than the term of the Franchise Agreement. The lease may expire before the Franchise Agreement. The undersigned acknowledges that it may have to relocate the store to another location at its sole cost and expense, and subject to Franchisor's prior approval of the new location. As a result thereof, the undersigned would likely incur significant expense, including build out of another store.
- Risks associated with a site location in an area containing population that is below Quiznos corporate standards, causing an adverse effect on the monthly sales volumes needed to fulfill initial expenses and ongoing expenses. Please refer to the Workbook.

The undersigned acknowledges that there may be other risks not mentioned herein, and that despite such risks, the undersigned would like to proceed with the operation of a Quiznos Sub restaurant at the above-referenced location.

3. The undersigned acknowledges and agrees that when the undersigned's proposed Lease is submitted to Quizno's for approval it must be accompanied by an equipment deposit check made payable to Source One Distribution LLC ("SOD") (currently in the amount of \$35,000). If the Lease is not accompanied by the SOD check, Franchisor must receive the check no later than 28 days from the date Franchisor receives the Lease. The undersigned further acknowledges and agrees that if the SOD check is not received within the 28 days, undersigned will be in default under the Franchise Agreement and Franchisor will be entitled to transfer the undersigned's site to another franchisee without notice to the undersigned. In the event the Lease relates to a new construction site, Franchisor will verify that the site is new construction and the SOD deposit check must be received by Franchisor prior to the undersigned being scheduled for training (QU 102). Also in the case of new construction sites, if the SOD deposit check is not received prior to the date the undersigned would otherwise be able to be scheduled for training, the undersigned will be in default under the Franchise Agreement and Franchisor will be entitled to transfer the undersigned's site to another franchisee without notice to the undersigned.

4. The undersigned further acknowledges that although Franchisor or its agents or employees, including its Area Director, may have been involved in approving site(s) for the location of the Franchised Business facilities, Franchisee has assumed sole and full responsibility for final site selection and approval. Franchisee understands that each possible site is unique and provides different risks and benefits, which may affect the success of the Franchised Business. Franchisee further understands that as part of analyzing the location, it is Franchisee's responsibility to meet with the local city planner to determine that there are no street, highway, interchange, city, or other planned changes that would negatively affect the location. Franchisee hereby releases and forever discharges Franchisor, its affiliates, and its Area Director and the officers, directors, shareholders, members, partners, employees, counsel and agents of each, from any loss, cost, claim, liability or expense arising out of or relating to the selection of or Franchisor's approval of the location and/or lease for the Franchised Business or the suitability of such location for the successful operation of the Franchised Business.

5. THIS PROVISION APPLIES ONLY IF THE FRANCHISEE INTENDS TO SUBLEASE PURSUANT TO, OR ACCEPT AN ASSIGNMENT OF, AN EXISTING LEASE NEGOTIATED BY OR ON BEHALF OF FRANCHISOR OR ITS AFFILIATES(S): In the event the undersigned intends to sublease the Franchised Business facilities from Franchisor or its affiliate or Area Director or accept an assignment of the tenant's interest in a lease entered into by Franchisor or its affiliate or Area Director, the undersigned acknowledges that although Franchisor or one of its agents negotiated the terms and provisions of the existing lease, Franchisee has independently investigated the suitability of the location of the premises in questions for location of the Franchised Business facilities and determined that such premises are suitable. In addition, Franchisee has been afforded the opportunity to review the existing Lease (and, if applicable, sublease) and, if so desired, to have Franchisee's attorney or other consultants review it and has found all of the terms and provisions thereof to be acceptable. Franchisee has been notified that it is in Franchisee's best interest to fully and independently review the proposed location with advisors or consultants of its choosing and Franchisee is not relying on any representation, warranties or information provided by Franchisor (other than the Lease) in determining to proceed as assignee or subtenant. Accordingly, Franchisee hereby releases and forever discharges Franchisor, its affiliates, and its Area Director and the officers, directors, shareholders, members, partners, employees, counsel and agents of each from any loss, cost, claim, liability or expense arising out of or relating to the selection of the location for the Franchised Business, the suitability of such location for the successful operation of the Franchised Business and the negotiation of or including of any provision in the existing lease.

6. The undersigned acknowledges and agrees that the success, if any, of a given location of a Quiznos Sub restaurant is the responsibility of the Franchisee and no representations or statements of actual, average, projected or forecasted sales, profits or earnings for a particular demographic area are provided to prospective franchisees by the Franchisor or its representatives. Neither officers, agents, consultants, Area Directors, or employees of the Franchisor are authorized to make any claims or statements as to the prospect or chances of success that any prospective Franchisee can expect at a particular Quiznos Sub restaurant location nor will information be given on past or recent achievements of franchisees, other than summary sales reports routinely provided to all franchisees. The Franchisor specifically instructs its personnel, agents, consultants, Area Directors, or employees, that they are not permitted to make such statements as to the prospects or chances of success at a particular location, nor are they authorized to represent or estimate dollar figures as to a given store's operation. The Franchisor recommends that prospective Franchisees make their own survey of existing Quiznos Sub stores (other than those owned by the Franchisor or one of its employees or agents) and judge their general operation procedure. The information supplied by existing franchise holders should allow the prospective Franchisee to determine whether or not they are profitable.

The undersigned hereby represents and warrants that it has freely and voluntarily executed this Acknowledgement and Release as of the _____ day of AUG 12, 2005.

By: Lawrence J. Schofield
Franchisee Signature

Print Name: LAWRENCE J SCHOFIELD



SITE EVALUATION FORM FOR AREA DIRECTORS

LOCATION: Magazine Street STORE #: 9880
2801 Magazine Street Suite 4 New Orleans, LA 70113 Orleans Washington Ave.
Street Address Suite City, State Zip County Cross Street
 Franchisee: Lawrence J Schofield Corporate Name: TBD
 Franchise agreement effective date: 8/4/2005

AD has performed the Pre-Opening Orientation? Franchisee completed & signed Site Evaluation
 AD has verified that there are no territorial commitments from other franchisees? The site has been registered?
 AD has confirmed that there is no radius clause in the lease? Acknowledgement & Release?
 There are Quizno's approved Select One LOI Select One Addendum Select One Sign Crit.

DISTANCE FROM OTHER QUIZNO'S LOCATIONS:


Location <u>7687 - Napoleon St.</u>	Distance: <u>1.5</u> miles	Location <u>7285 - Tchoupitoulas</u>	Distance: <u>3.5</u> miles
Location <u>7688 - Washington</u>	Distance: <u>2.5</u> miles	Location <u>7362 - Terry parkway</u>	Distance: <u>3.5</u> miles

COMMENTS: Near two universities.
 Positive features of location: high traffic area, good co-tenancy
 Negative features of location: _____

Estimated Total Project Cost	<u>\$215,000.00</u>	Rent abatement	<u>none</u>
Estimated Landlord Contribution	<u>none</u>		
Estimated Net Project Cost	<u>#VALUE!</u>		
Lender's Name	<u>TBD</u>		
Amount Financed	<u>\$145,000</u>	Term:	<u>120</u> months
Rate	<u>7.00%</u>		
Monthly Debt Payment	<u>\$ 1,683.57</u>		
Annual Debt Service	<u>\$ 20,202.88</u>		

Square Footage	<u>1,998</u>	Options: #	<u>2</u> periods	<u>5</u> Years each
Initial Term	<u>5</u> Years			
Minimum Rent (Year 1)	<u>\$49,950</u>			
Taxes/Insurance/CAM	<u>\$4,995</u>			
Additional Rent				
Total Occupancy Cost	<u>\$54,945</u>			
Annual Sales required to cover Annual Debt & Total Occupancy per 15% formula				<u>\$ 500,985.84</u>

This form is solely for the purpose of assisting in the evaluation of the relative merits of the available locations as judged by the person examining the site. It is not to be construed as a prediction of the future success of the unit. This form is CONFIDENTIAL AND FOR INTERNAL USE ONLY.

Area Director Signature:  Date: 12-Aug-05



Lead Sheet, Notice to Construction Dept.

A lease has been issued and negotiations are underway for a new Quizno's location as described below. Please contact the franchisee to retain an architect and schedule a site survey.

Date:	8/12/2005	Store #:	9880
Submitted By:	Joe Mann	Submitted To:	John Crider
Site Intersection:	2801 Magazine Street Suite 4 @ Washington Ave.		
Site Address:	2801 Magazine Street Suite 4 New Orleans, LA 70113		
Shopping Center:	Magazine Street		
Building Type:	In line	*ASIS* <input checked="" type="checkbox"/>	Square Feet: 1998
Landlord/Developer:	Y1 Magazine	Phone No:	504 450-9044
	Leon Lastrapes	Fax No:	504 309-0978
		Email:	0
Construction Contact:	Leon Lastrapes	Phone No:	504 450 9044
		Fax No:	504 309-0978
		Email:	0
Franchisee:	Lawrence J Schofield	Home Phone No:	504 361-8434
	TBD	Fax No:	0
		Email:	ltschofield@cox.net
Quiznos Broker:	John Moss	Phone No:	504 523-4481
	Stirling Properties, Inc.	Fax No:	504 523-4475
		Email:	jmos@stirlingprop.com
Architect:		Phone No:	
		Fax No:	
		Email:	
Projected "Delivery of the Premises" Date:	10/15/2005	Projected T.I. Allowance:	none
Construction:	EXISTING	Rent Commencement:	120 from obtaining applicable permits or
Additional Comments:			

Attached:	<input checked="" type="checkbox"/> LOI	<input type="checkbox"/> Site Plan	<input type="checkbox"/> Lease or Lease Exhibits
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Quiznos Real Estate Committee Checklist

Use the following checklist when preparing a site submittal package for review. Failure to provide any of the items below will cause the review of the site to be put off until the complete package is submitted. This sheet should also be included as a component of the site submittal package.

Basic Site Information			
Store #	<u>9880</u>	Franchisee Name	<u>Lawrence J Schofield</u>
Store Name	<u>Magazine Street</u>	AD/HP Name	<u>Joe Mann</u>
<input type="checkbox"/>	This is a replacement site for one which is now dead		
<input type="checkbox"/>	This is a reopen of prior store. Prior store number: 		
<input type="checkbox"/>	This site was previously approved as store number: 		

Site Submittal Package Components	
<input checked="" type="checkbox"/>	Quiznos Site Scoring Form
<input checked="" type="checkbox"/>	Site Evaluation (including Authorization and Release) signed by Franchise Owner
<input checked="" type="checkbox"/>	Site Evaluation - AD Form signed by AD/HP
<input checked="" type="checkbox"/>	Fully Negotiated Letter of Intent
<input checked="" type="checkbox"/>	Landlord Delivery Conditions (or TI Provision); reviewed with Franchise Owner
<input checked="" type="checkbox"/>	10 year rent & CAM schedule
<input checked="" type="checkbox"/>	Standard Demographics Package
<input type="checkbox"/>	Concentric Ring study (only necessary if another Quiznos exists within 2.0 miles or 4 blocks for a CBD site)
<input checked="" type="checkbox"/>	Site Plan (designating space)
<input checked="" type="checkbox"/>	Video of site, showing the following:
	(a) the storefront
	(b) the storefront within the center as a whole
	(c) a look up and down the rest of the center (or nearby stores within two blocks) showing the neighbors
	(d) a look up and down the main street, showing nearby stores
	(e) means of egress into the center
	(f) traffic
	(g) all signage for the site (as seen from the road)
	(h) the route to the nearest Quiznos (unless no Quiznos exists within 5 miles)
<input type="checkbox"/>	Still Pictures: (a) the storefront, and (b) the site from the street
<input checked="" type="checkbox"/>	Lease Information Form
<input checked="" type="checkbox"/>	Lead Sheet *
<input checked="" type="checkbox"/>	Quiznos Addendum (or appropriate language in the LOI)
<input checked="" type="checkbox"/>	Sales needed to meet Debt/Rent ratio \$ <u>500,985.84</u>
<input checked="" type="checkbox"/>	SOADS Conference Call Appointment Form *

Note: The Equipment Deposit Fee and the Lease Review Fee are not required prior to site approval but they should be submitted promptly to avoid delaying lease approval or execution.

Approvals	
Regional Vice President	Date: <u>8/12/2005</u>
Development	Date: <u>8/12/2005</u>
Operations	Date: <u>8/12/2005</u>
Zone Leader (If Necessary)	Date: _____

- Zone Leader approval is necessary if any of the following are true:**
- Estimated project costs are \$250K or higher
 - Sales needed to meet Debt/Rent ratio is greater than \$550K
 - Another Quiznos exists within 1.5 miles (suburban) or 3 blocks (CBD)
 - Site is less than 1,000 square feet or over 2,000 square feet
 - Site will not be open 7 days a week during standard Quiznos hours
 - Total Score for the site is below 60

*** RVP Instructions:**
 On the day that this site is approved, please fax the following forms to SOADS

1. Lead Sheet
2. SOADS Conference Call App't Form

SOADS Fax: 303-893-5784
 (Then send the full packet to Denver.)



SITE PACKAGE - DATA INPUT

Quiznos Contact Information

Quiznos DDM Zone	Zone 3 - East
Quiznos DDM Region:	Southeast
Quiznos DDM Market:	New Orleans
Quiznos AD/DRE:	Joe Mann
Package prepared by:	Joe Mann
Phone #:	504 957-1363
Date Prepared:	8/12/2005
Quiznos' Broker:	John Moss
Broker Company	Stirling Properties, Inc.
Phone #:	504 523-4481
Fax #:	504 523-4475
Email Address:	jmoss@stirlingprop.com
Quiznos RDC:	John Crider

Franchisee Contact Information

Store #:	9880
Effective Date:	8/4/2005
Franchisee Name:	Lawrence J Schofield
Franchisee Co. Name:	TBD
Home Address:	2800 Wabash St. New Orleans, LA 70114
Home Phone #:	504 361-8434
Work Phone #:	same
Mobile Phone #:	504 723-1499
Fax #:	
FZE Email:	ltschofield@cox.net
FZE's Attorney:	
Contact Phone #	
Contact Fax #:	
Contact Email:	

Fees Collected

Lease Review Fee:	\$500
Legal Review Type:	Cusory

Site Information

Trade Area Type:	Suburban
Building/Site Type:	Shopping Center
Facility Type:	In line
Site/Shopping Center Name:	Magazine Street
Site Address:	2801 Magazine Street Suite 4
Site City:	New Orleans
Site State:	LA
Site Zip Code:	70113
Site County:	Orleans
Cross Street:	Washington Ave.
Leasable SF:	1,998

Landlord Name:	Y1 Magazine
Landlord Contact:	Leon Lastrapes
Contact Phone #:	504 450-9044
Contact Fax #:	504 309-0978
Contact Email:	
Construction Contact:	Leon Lastrapes
Contact Phone #:	504 450 9044
Contact Fax #:	504 309-0978
Contact Email:	
Green Site:	No
Vacant Space:	Yes
Landlord T/O Date:	10/15/2005
Rent Comm. Date:	aining applicable permits or tenant's opening for business
Projected Opening Date:	1/15/2006

Financing Information:

Loan amount	\$145,000
Annual interest rate	7.00%
Loan period in years	10
# of payments/year	12
Lender's Name	TBD

Project/Deal Terms:

Estimated Total Project Costs:	\$215,000.00
Tenant Improvement Allowance:	none
Rent Abatement:	none
Leasehold Improvement Costs:	\$100,000.00

SITE SCORING FORM

Store Number 9880
 Location Name Magazine Street
 Address 2801 Magazine St.
 City New Orleans, LA
 State, Zip 70115

Nearby Quiznos Locations

Other Quiznos sites within 5 miles (include sites under development and sites not sold)
If a site exists within 2.0 miles (4 blocks for a CBD site), you must create a concentric circle analysis

Miles Away	Store # or Map #	Store Name/Town	AUV (if open)
1.5	7687	Napoleon Ave	17,000 first week
2.5	7688	Washington Ave	
3.5	7285	Tchoupitoulas	
3.5	7362	Terry parkway	
2.0	4974		cbd
2.0	4891		cbd
2.0	6740		cbd

Total Score Calculation

Visibility
 Competition
 Position in Trade Area
 Demographics Score (from Demos@Quiznos.com)
 Total Score

Score	Weight	Total Score
4	4.7	19
4	4.1	16
5	3.7	19
2.17	7.6	16
		70

Total Score	Approval Requirement
60 +	Real Estate Committee
Under 60	Zone Leader

Other Site Characteristics:

Anchor / Co-Tenant Quality
 Access
 Parking
 Green Site
 Major Competitors

Score	Explanation (if score is <3 or if Site is Green)
4	
5	
4	
no	

Anchor Tenants

Subway, Mcdonalds, wendy's popeye's semolina
Co-tenants include Hollywood video and Starbucks

TOTAL LEASE CALCULATIONS

Store # 9880
 FZE: Lawrence J Schofield
 Store Name: Magazine Street
 Leasable SF: 1,998
 Assumption #1: Addtl rent estimates increased by 10% every 5 yrs, change formula as needed
 Initial Term: 5 years
 # of Options: 2 periods
 Option Period: 5 years each
 Percentage Rent: No
 if yes, enter %

Year	Net Rent (PSF)	CAM (PSF)	Taxes (PSF)	Insurance (PSF)	Monthly Rent	Monthly NNINs	Total Monthly Occ. Costs	Total Annual Rent	Total Annual NNINs	Total Annual Occ. Costs	Natural Monthly Breakpoint
1	\$25.00	\$1.00	\$1.00	\$0.50	\$4,162.50	\$416.25	\$4,578.75	\$49,950.00	\$4,995.00	\$54,945.00	N/A
2	\$25.00	\$1.00	\$1.00	\$0.50	\$4,162.50	\$416.25	\$4,578.75	\$49,950.00	\$4,995.00	\$54,945.00	N/A
3	\$25.00	\$1.00	\$1.00	\$0.50	\$4,162.50	\$416.25	\$4,578.75	\$49,950.00	\$4,995.00	\$54,945.00	N/A
4	\$25.00	\$1.00	\$1.00	\$0.50	\$4,162.50	\$416.25	\$4,578.75	\$49,950.00	\$4,995.00	\$54,945.00	N/A
5	\$25.00	\$1.00	\$1.00	\$0.50	\$4,162.50	\$416.25	\$4,578.75	\$49,950.00	\$4,995.00	\$54,945.00	N/A
6	\$25.00	\$1.10	\$1.10	\$0.55	\$4,162.50	\$457.88	\$4,620.38	\$49,950.00	\$5,494.50	\$55,444.50	N/A
7	\$25.00	\$1.10	\$1.10	\$0.55	\$4,162.50	\$457.88	\$4,620.38	\$49,950.00	\$5,494.50	\$55,444.50	N/A
8	\$25.00	\$1.10	\$1.10	\$0.55	\$4,162.50	\$457.88	\$4,620.38	\$49,950.00	\$5,494.50	\$55,444.50	N/A
9	\$25.00	\$1.10	\$1.10	\$0.55	\$4,162.50	\$457.88	\$4,620.38	\$49,950.00	\$5,494.50	\$55,444.50	N/A
10	\$25.00	\$1.10	\$1.10	\$0.55	\$4,162.50	\$457.88	\$4,620.38	\$49,950.00	\$5,494.50	\$55,444.50	N/A
11	\$0.00	\$1.21	\$1.21	\$0.61	\$0.00	\$503.66	\$503.66	\$0.00	\$6,043.95	\$6,043.95	N/A
12	\$0.00	\$1.21	\$1.21	\$0.61	\$0.00	\$503.66	\$503.66	\$0.00	\$6,043.95	\$6,043.95	N/A
13	\$0.00	\$1.21	\$1.21	\$0.61	\$0.00	\$503.66	\$503.66	\$0.00	\$6,043.95	\$6,043.95	N/A
14	\$0.00	\$1.21	\$1.21	\$0.61	\$0.00	\$503.66	\$503.66	\$0.00	\$6,043.95	\$6,043.95	N/A
15	\$0.00	\$1.21	\$1.21	\$0.61	\$0.00	\$503.66	\$503.66	\$0.00	\$6,043.95	\$6,043.95	N/A
16		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
17		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
18		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
19		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
20		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
21		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
22		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
23		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
24		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A
25		\$1.33	\$1.33	\$0.67	\$0.00	\$554.03	\$554.03	\$0.00	\$6,648.35	\$6,648.35	N/A

Letter of Intent Franchise Location

1. **TENANT:** Lawrence J. Schofield d.b.a. QUIZNOS SUB

2. **LANDLORD:** YI Magazine

3. **PREMISES:** Commonly known as: 2801 Magazine Street Suite 4
Street Address Suite # (if any)

City of: New Orleans Parish of: Orleans

State of: Louisiana Zip Code: 70113

Description: _____

_____ The Premises is a part of that certain Shopping Center known as _____ (the "Shopping Center") [Check if applicable]

4. **SIZE:** Approximately 1,998 square feet.

5. **DIMENSIONS:** 18 ft. frontage x 111 ft. depth

6. **TERM:** 10 years 7. **OPTIONS:** 1 for five years 8. **POSSESSION DATE:** Estimated to be October 1, 2005

9. **RENT:**

Years 1-10: \$25.00 psf \$4,162.50

Years 11-15: \$25.00 psf plus the increase in CPI over Year 1 of the Primary Term. See #32 "Renewal Option."

Years 16-20: N/A

10. **EXPENSES:** Landlord will provide Tenant detail as to the actual expenses currently applicable to the property. Landlord estimates expenses to be \$2.25 per square foot in year 1 of the Lease.

11. **PERMITTED USES:** Tenant shall have the right to use the Premises for purposes of an eat-in/take-out/delivery restaurant selling sandwiches, salads, soups, beverages, pizza, frozen desserts (yogurt, ice cream), fruit based blended drinks and other products sold in Quiznos Sub stores, and retail sales and other ancillary purposes associated therewith. Tenant shall be permitted to use an outdoor eating area. Tenant shall also be allowed to serve samples in the Common Areas adjacent to the Premises. Tenant shall be permitted to operate, or allow another concessionaire or licensee to operate, a co-brand food and beverage operation in or from the Premises in conjunction with Tenant's operation of its Quiznos Sub restaurant.

12. **ALTERATIONS:** Tenant may make nonstructural alterations and improvements to the interior of the Premises of \$10,000 or less per alteration without Landlord's prior consent, provided the work is performed in a good and workmanlike manner. Tenant may close its business once every five (5) years for up to thirty (30) days to refurbish and redeccrate the Premises.

13. **CONSTRUCTION PERIOD:** Tenant shall have one hundred twenty (120) days from the date of obtaining applicable building permits to complete improvements to the space (hereinafter "Construction Period"). During this Construction Period no rent or expenses will be due. Landlord will cooperate with Tenant's efforts to obtain permits and approvals.

14. **RENT COMMENCEMENT:** Payment of rent shall commence 0 days from the expiration of the Construction Period, or when Tenant opens for business, whichever shall occur first.

15. **SECURITY DEPOSIT:** Tenant shall pay to Landlord upon the issuance of applicable building permits a security deposit of \$ 4,162. So long as Tenant is not then in default, the security deposit will be refunded to Tenant at the end of the first lease year.

16. **SIGNS:** Landlord hereby grants and approves the following signage rights:

(a) **Opening Signage.** Tenant shall have a license to: (i) erect at least one single or double sided wooden sign in the landscaped Common Area adjoining the most heavily traveled right-of-way adjacent to the Shopping Center which sign shall say "Coming Soon - Quiznos Sub" or words similar thereto during the period between the Lease execution date and sixty (60) days after the date Tenant opens for business, and (ii) display "Coming Soon" or "Grand Opening" banners on or near the Premises during such period.

(b) **Permanent Signage.** Landlord agrees to allow Tenant to use the standard sign and awning package approved by Franchisor to the maximum size permitted by local governmental authorities.

(c) **Window Signs/Door Handle.** Tenant shall be permitted to display signs and promotional items in the windows of the Premises, including permanent neon signs, provided the same are consistent with Franchisor's national standards. Tenant shall be permitted to install a standard door handle approved by Franchisor on the entry door(s) to the Premises.

(d) **Pylon/Monument/Directory Sign.** Tenant shall be provided with a panel on the Shopping Center pylon/monument/directory sign, and shall be permitted to install a standard sign approved by Franchisor, including logo, on such panel.

17. **EXCLUSIVE:** Throughout the Term, as it may be extended under the terms of the Lease, Tenant shall have the exclusive right in the Shopping Center to engage in the sale of delicatessen and submarine type sandwiches. Landlord shall not allow any other party in the Shopping Center to violate the terms or spirit of this exclusivity agreement, and if a violation occurs, in addition to any other remedies Tenant may have at law or in equity, Tenant shall have the right to terminate the Lease upon thirty (30) days' written notice.

18. **PATIO:** Tenant shall have right to use the common areas adjacent to the subject premises, if available, for an outdoor eating area, as long as such use complies with local zoning codes and ordinances.

19. **IMPROVEMENTS:** None. Tenant shall take the Premises in "As-Is" condition. Landlord shall provide to Tenant as-built blueprints of the Premises.

20. **BROKER'S FEES:**

Tenant's Broker: John Moss Phone: 504 523-4481

Landlord's Broker: Leon Lastrapes Phone: 504 450-9044

Landlord shall pay all commissions/fees due the above listed broker(s) per a separate agreement between Landlord and broker(s).

21. **TENANT'S CONTINGENCIES:**

A. Approval of site, final lease, and final sign and awning package by Franchisor prior to lease execution.

B. Receipt of building and sign permits from local issuing authority to construct the Premises for Tenant's intended use.

22. NO RADIUS/RELOCATION CLAUSES: Any radius restrictions or relocation provisions in the Lease will be deleted.

23. ASSIGNMENT PROVISIONS: Tenant shall have the right to assign the Lease or sublet the Premises, without charge and without Landlord's consent being required, to Quizno's Franchising LLC ("QF") or its parent, subsidiaries or affiliates (QF, its parent, subsidiaries and affiliates are each referred to herein as a "QF Entity" or "Franchisor"). Tenant shall also have the right to assign the Lease or sublet the Premises, without charge and without Landlord's consent being required, to a duly authorized franchisee of Franchisor. In the event of an assignment to a QF Entity, the QF Entity shall have the right to reassign the Lease, without charge and without Landlord's consent being required, to a duly authorized franchisee of Franchisor and to thereupon be released from any further liability under the Lease. Any options to extend the term of the Lease shall automatically transfer to an assignee in connection with a transfer made pursuant to the foregoing paragraph. Tenant shall agree to attorn to any assignee of Landlord provided such assignee will agree not to disturb Tenant's possession of the Premises.

24. HAZARDOUS MATERIALS: Landlord represents and warrants that the Premises are free of all asbestos, asbestos containing materials and other hazardous or toxic materials (collectively, "Hazardous Materials"). Tenant shall have no obligation to make any repairs, alterations or improvements to the Premises or incur any costs or expenses whatsoever as a result of Hazardous Materials in or about the Shopping Center, Building or the Premises, other than those Hazardous Materials brought onto such areas by Tenant. Landlord shall be solely responsible for any changes to the Premises relating to Hazardous Materials (at Landlord's expense and not as a charge to Tenant's build out allowance), unless those Hazardous Materials were brought onto Premises by Tenant. Landlord shall indemnify and hold Tenant harmless from and against all liabilities, costs, damages and expenses which Tenant may incur (including reasonable attorneys' fees) as a result of a breach of Landlord's representation and warranty set forth in this paragraph or the presence of Hazardous Materials in or about the Shopping Center, Building or the Premises, unless those Hazardous Materials were brought onto such areas by Tenant.

25. NOTICE AND CURE RIGHTS: Landlord agrees to give Franchisor written notice of any Tenant defaults as a prerequisite to exercising any remedies against Tenant under the Lease. Franchisor shall have Tenant's cure period plus an additional ten (10) days (but in no event less than thirty (30) days total) to cure (at Franchisor's option) any such defaults on Tenant's behalf, and to perform any other acts on Tenant's behalf as may be necessary to keep the Lease in full force and effect. In the event Franchisor executes on its security interest in the Lease and Tenant's fixtures and equipment (pursuant to the terms of its Franchise Agreement with Tenant), such action shall not be deemed a default or assignment under the Lease; provided, however, Franchisor shall thereafter have the right to assign the Lease on Tenant's behalf, without charge and without Landlord's consent being required, to an authorized franchisee of Franchisor. Notice to Franchisor shall be addressed as follows:

Quizno's Franchising LLC
1475 Lawrence Street, Suite 400
Denver, Colorado 80202
Attn: Legal Department
Phone: (720) 359-3300

26. TENANT FINANCING: Tenant shall have the right from time to time to grant and assign a mortgage or other security interest in all of Tenant's personal property located within the Premises to its lenders in connection with Tenant's financing arrangements, and any lien of Landlord against Tenant's personal property (whether by statute or under the terms of the Lease) shall be subject and subordinate to such security interest. Landlord shall execute such documents as Tenant's lenders may reasonably request in connection with any such financing.



27. LANDLORD WARRANTIES: Landlord represents, covenants and warrants (i) that it has lawful title to the Shopping Center and has full right, power and authority to enter into the Lease; (ii) that the Shopping Center is in compliance with the Americans with Disabilities Act ("ADA"); (iii) that the permitted "use" of the Premises does not currently violate the terms of any of Landlord's insurance policies; (iv) that it currently maintains all risk of physical loss coverage for the full replacement cost of the Shopping Center and shall maintain throughout the term of the Lease general liability insurance coverage for the Shopping Center consistent with that being maintained from time to time by reasonably prudent owners of properties similar to the Shopping Center in the same area; (v) that so long as Tenant pays all monetary obligations due under the Lease and performs all other covenants contained therein, Tenant shall peacefully and quietly have, hold, occupy and enjoy the Premises during the term of the Lease and its use and occupancy thereof shall not be disturbed; and (vi) that (a) the Shopping Center has the proper zoning and a legally adequate number of parking spaces for Tenant's permitted use, and (b) Tenant's permitted use does not violate any other contracts or agreements to which the Landlord is a party or any other covenants, conditions, restrictions or agreements applicable to the Shopping Center. Landlord covenants and agrees that it shall take no action that will interfere with Tenant's intended usage of the Premises. Landlord shall indemnify and hold harmless Tenant and its officers, partners, agents and employees from and against any loss, cost, liability, damage or expense arising out of (i) Landlord's operation of the Shopping Center, (ii) Landlord's breach in the performance of any of its obligations under the Lease or (iii) any violation of law by Landlord or any other act or omission of Landlord or its contractors, agents or employees. The foregoing indemnification shall survive expiration or termination of the Lease.

28. ADDITIONAL PROVISION: Landlord covenants and agrees that the total of all rental payments and any and all sums, excluding the Minimum Rental Payment and the Percentage Rental Payment, that Tenant is required to pay under Lease (the "Occupancy Costs") will not exceed \$ tbd per square foot per annum (the "Occupancy Cap") during the first calendar year of the Lease. In the event the actual Occupancy Costs during the first full calendar year exceed the Occupancy Cap, the amount of such overage shall be waived for the first year and treated as an expense stop thereafter (i.e. the amount of the overage shall be subtracted from the actual Occupancy Costs each year thereafter during the term of the Lease and any extensions thereof.)

29. EXPIRATION OF PROPOSAL: This proposal shall remain in force for 14 days from the Tenant's date of this proposal. Should this Letter of Intent meet with the approval of Landlord, Landlord shall return an executed copy of this document to Tenant within such time period. Landlord agrees not to discuss or negotiate towards leasing the Premises to anyone other than Tenant for sixty (60) days after Landlord approves this Letter of Intent. Landlord and Tenant each hereby agree to negotiate the terms and provisions of a Lease consistent with this Proposal within said sixty (60) day period.

30. COMMUNICATIONS SYSTEM: Notwithstanding anything to the contrary in the Lease, Landlord hereby agrees that at any time during the term of the Lease, Tenant or Franchisor, or authorized agent of either Tenant or Franchisor, shall have the right to install in and on the roof of the Premises, a satellite communications system (the "Satellite System") including antenna and related equipment. The Satellite System shall be installed at no cost to Landlord, and in accordance with all applicable laws, rules and regulations. Additionally, Tenant shall defend, indemnify and hold Landlord harmless from and against any claims, costs or expenses incurred by Landlord as a result of such installation by Tenant. Tenant shall be solely responsible for the maintenance and repair thereof, at Tenant's sole cost and expense. At the expiration or other termination of the Lease, said equipment shall remain the property of Tenant, and may be removed by Tenant, provided that Tenant shall repair any and all damage caused by such removal.

31. RETURN OF EXECUTED LEASE: Landlord agrees to return a fully executed original Lease within ten (10) days of execution to Tenant, with a copy to:

Quizno's Franchising LLC
1475 Lawrence Street, Suite 400
Denver, Colorado 80202
Attn: Leasing Department
Phone: (720) 359-3300

32. RENEWAL OPTION: SEE ATTACHED.

LANDLORD AND TENANT ACKNOWLEDGE THAT THIS PROPOSAL IS NOT A LEASE, AND THAT IT IS INTENDED AS THE BASIS FOR THE PREPARATION OF A LEASE. THE LEASE SHALL BE SUBJECT TO LANDLORD'S, TENANT'S AND FRANCHISOR'S APPROVAL, AND ONLY A FULLY EXECUTED LEASE SHALL CONSTITUTE A LEASE FOR THE PREMISES. EXCEPT AS TO THE OBLIGATIONS OF LANDLORD AND TENANT SET FORTH IN 29 ABOVE THE TERMS AND PROVISIONS OF THIS PROPOSAL ARE NON-BINDING.

AGREED AND ACCEPTED BY TENANT:

Date: Aug 12, 2005
Address for Notices:
2800 WABASH ST
MO. LA 70114
Telephone: (504) 361-8434

TENANT:
By: *Laura J. Griffin*
Title:
By:
Title:

AGREED AND ACCEPTED BY LANDLORD:

Date: _____
Address for Notices:

Telephone: _____

LANDLORD:
By:
Title:
By:
Title:

(1) Option to Renew [CPI]: Landlord hereby grants Tenant the option to extend the term of the Lease for one (1) period of five (5) years, upon the same terms and conditions stated in the Lease except that the Minimum Annual Rent during the renewal terms shall be increased by the percentage increase in the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, All Items, 1982-84=100 (the "CPI Index"), calculated as follows:

Rent for each renewal term shall be equal to the Minimum Annual Rent for the original Term multiplied by a fraction, the numerator of which is the most recently published CPI Index as of the first day of the renewal term, and the denominator of which is the CPI Index which was in effect on the Commencement Date of the original Term of the Lease.